

Travel special



Venice, the Mediterranean and other water hazards

Separate Section

Weekend



Empty oceans
'The chances of a North Sea cod dying a natural death are almost non-existent'

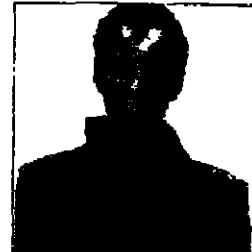
Page I

FT

FINANCIAL TIMES

MAY 9 / MAY 10 1998

Weekend



US fashion
'This season's word is nonchalant. Actually, every season's word is nonchalant'

Page X



Tales re-enacted
'We didn't need Chaucerians so much as walkers prepared to talk, and talkers prepared to walk'

Page IV

US jobless hits 28-year low as wages creep higher

By Gerard Baker in Washington

The US unemployment rate fell to a 28-year low last month, pushing wage gains to their fastest rate in 15 years.

The jobless rate fell to a seasonally adjusted 4.3 per cent in April from 4.7 per cent in March, the Labor Department said yesterday, as the economy created 262,000 jobs. But in a clear sign that the jobs expansion is steadily forcing wage demands higher, average hourly earnings rose by 4.4 per cent in the year to April, their fastest rate of increase since 1983.

The report raises the stakes for the Federal Reserve as it contemplates a thorny monetary policy dilemma. With the domestic economy now producing solid wage increases, and with no obvious sign yet of a dampening effect from the Asian financial crisis, the risks of delaying an increase in interest rates are rising sharply. The US central bank's policymaking open market committee meets on May 19 and pressure for raising interest rates is certain to come from several members.

"This has to make the Fed more uncomfortable about inflationary pressures in the economy," said Ronald Talley, chief economist with the WFA Group, an economic forecaster. But Alan Greenspan, Fed chairman, has not yet indicated he feels a rate increase is justified. He and other officials believe the economy will slow in the next few months as a result of the Asian crisis. They are also constrained by the fact that, in spite

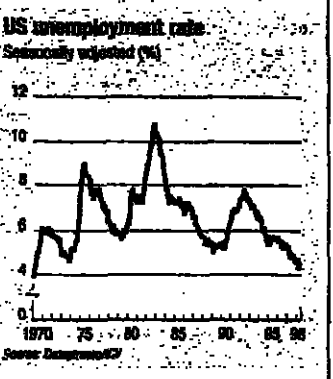
of the tightest labour markets in a generation and rising wage pressure, inflation at the producer - and consumer - price level is still dormant.

"The bad news on inflation is mounting, but there's still not enough there," said Robert Brusca, chief US economist at Nikko Securities in New York. "To raise interest rates, the Fed needs a smoking gun, and it doesn't have it yet."

Financial markets seemed to share that view. At 1pm yesterday the Dow Jones Industrial Average was up 105 points at 9,081.

Some economists pointed to other signs in the jobs report that could stay the Fed's hand. The sharp fall in unemployment last month was partly the result of an unexpected decline in the labour force; total job growth did not show a sharp rebound from a drop in March; and the overall pace of job gains has slowed.

German unemployment, Page 2
Editorial Comment, Page 23



G8 ministers urged to reform and widen horizons



Ministers from the Group of Eight leading industrial nations, including US Treasury secretary Robert Rubin (right) and French finance minister Dominique Strauss-Kahn, met in London to hear radical proposals to reform the G8's annual summit and make them more representative of the world economy. Mr Rubin had earlier urged Europe not to use the single currency plan as an excuse to delay expansion of the European Union to the east. Report, Page 3
Picture: Ashley Ashwood

Japanese bonds at new low as officials hint at rate cut

By Gillian Triggs in Tokyo

Fresh controversy surrounded Japan's monetary policy yesterday after government officials hinted they would favour reducing interest rates almost to zero to boost the ailing economy.

The hints came as finance ministers from the Group of Seven leading industrial countries prepared to meet in London. The meeting may put further pressure on the Japanese authorities to revise their flagging economy.

Koji Omi, head of Japan's Economic Planning Agency, yesterday denied that the government wished to see an immediate rate cut. He said: "There are stronger calls for raising (the official discount rate) than cutting it when you listen to discussions in parliament."

However, his remarks came just a day after Yutaka Yamaguchi, deputy governor of the Bank

of Japan, told politicians that there might be some economic advantage in cutting rates.

The two comments were interpreted as a sign that a fresh political battle was brewing about monetary policy. One bureaucrat said Mr Omi's words "show that interest rate cuts are now being discussed in private - there is a political battle going on".

Long-term market rates fell to a new low yesterday. The yield on the 10-year Japanese government bond contract, considered similar to a 10-year benchmark, touched 1.28 per cent.

"This is among the lowest levels recorded anywhere and is more than 40 basis points lower than the level three days ago."

The comments by Mr Omi and Mr Yamaguchi are notable because until recently most economists assumed Japan's official discount rates were already so low that there was no room to

use monetary policy to boost the economy. Japan cut rates to a record low of 0.5 per cent two years ago to stave off recession.

Financial markets have recently become more gloomy about Japan's economy, in spite of a recently announced ¥16,000bn (\$128bn) stimulus package.

This has left some diplomats and economists suspecting that the Bank of Japan may be considering cutting rates to 0.35 per cent or even zero if the economy does not pick up this summer.

Jesper Kall, economist at JP Morgan, said: "I think there is a 30 per cent chance of a rate cut soon."

Other economists still think it unlikely the Bank will act since a rate cut may deliver little economic boost and could further weaken the yen.

Editorial Comment, Page 23

Paradise lost as Japanese shun Hawaii

Asia's crisis has emptied Waikiki beach - and the pockets of the local traders

By Christopher Parkes in Honolulu

Lu Lam Ngoc wants to go home to Vietnam. After 19 years in the land of opportunity, he reckons he has a better chance of making his fortune by returning to a land he does not remember with a language he speaks only haltingly.

He is not sure he would be allowed to stay, but if he could scrape up \$100,000, he says, he could find his way.

That would be hard enough for a Hawaiian taxi driver at the best of times, but rounding up such a sum is getting tougher by the day because the economic slowdown in Asia has cut off the flow of visitors to Hawaii's hotels and resorts.

Tourism, the prime motor of the islands' scant growth since 1993, is spluttering as Asian travellers - who account for a third of all visitors - stay at home to preserve their devaluing baht, won and yen.

"Harry San," proud of his bouncy Chevrolet taxi cab decked out in full Tokyo-style regalia with pressed antimacassars, free gum and all-a-warble with Japanese love songs, says Japanese visitors usually account for 60 per cent of his fares, and he is having a bad time.

Just enough to hold economic growth at zero, while the mainland bobs along at about 2.5 per cent, it is far from enough to help Lu Lam Ngoc on his way to his dream gas station in Ho Chi Minh City.

"I might be rich in Vietnam," he says. "In America I can only be poor."

the islands' biggest department store chain, scuttled into Chapter 11 bankruptcy.

A week or so later DFS, the duty-free shopping chain owned by France's LVMH, reported a 20 per cent slump in Hawaiian sales.

Koreans and Thais have stopped coming - "period" - says one Waikiki hotel manager, but Hawaii has been particularly badly hit by Japan's economic problems.

In 1996 Japanese visitors accounted for 2.1m of the 2.4m eastbound total and typically spent more than twice as much a day as Americans.

Golden Week, named for the three Japanese national holidays crammed between April 29 and May 5, usually sees a surge of big-spending tourists to the island state.

But this year it has been a flop, despite unprecedented 30 per cent reductions in Golden Week prices - three nights and five days for less than \$600.

Looking on the bright side, Paul Brewbaker, chief economist at the Bank of Hawaii, suggests that at the year's end, when the worst of the Asian currency effect may have been absorbed and the children have returned to school on the US mainland, tourism may have expanded by 2 per cent or so.

Just enough to hold economic growth at zero, while the mainland bobs along at about 2.5 per cent, it is far from enough to help Lu Lam Ngoc on his way to his dream gas station in Ho Chi Minh City.

"I might be rich in Vietnam," he says. "In America I can only be poor."

News General

Online investment warning

The International Chamber of Commerce has warned investors against being sucked into an investment scam based on a spurious "bank debenture trading programme" peddled on the Internet. Investors in Canada, the US and other countries have lost more than \$30m in the scam, which joins a panoply of other fake financial instruments. Page 4

Australian dockers go back to work

Australian dockers went back to work after winning a bitter court battle against their dismissal by Patrick Stevedores, Australia's second largest port operator. The "wharves" face a backlog of more than 12,000 containers. Economists warned it would take at least two months before commercial freight shipping returned to normal. Page 3

Capitalism amid the chaos in Algiers

A dozen policemen must accompany a foreigner to La Montagne, an Islamic Salvation Front stronghold in a poor quarter of Algiers. Yet trade is thriving in the chaotic and squalid streets. They have become the main exchange for basic food products, as wholesalers make fortunes amid Algeria's anarchy. Page 3

How to stop traffic jams

The next time you are sitting in a traffic jam thinking what can be done about it, you might consider the exception to the rule of mass gridlock - Singapore, which introduced electronic road pricing last month. Traffic moves at 60kph even at peak times along wide, well-maintained and uncongested streets. What can we learn? Page 7

Man in the News

Jacques Chirac

Castigated at home and abroad for nearly derailing the launch of the euro by trying to impose a Francman as president of the new European Central Bank, Jacques Chirac has bounced back like a prizefighter ready for more.



Page 7

News Business

DaimlerChrysler board

Daimler-Benz plans to create a new US-style board of directors after its merger with Chrysler, according to Jürgen Schrempp, chairman of the German company. The board would bring together executives from the new DaimlerChrysler and representatives of its shareholders, and would be in addition to the traditional management and supervisory boards maintained by German companies. Page 24; Analysis, Page 23; Unlikely fellow travellers, Page 6

Caspian retrenches in eastern Europe and Asia

Caspian Securities, the emerging markets investment bank, is cutting its presence in eastern Europe and Asia. Its founder, Christopher Heath, once the UK's highest-paid director, has already been replaced as chief executive by Anthony Walton, a former banker with Australia's Westpac and Chase Manhattan, and may leave the bank altogether as a result of the cuts. Page 24

Turkish government in \$651m Bankasi sale

The Turkish government expects to raise \$651m from the sale of its remaining 12.3 per cent stake in Türkiye İş Bankası, one of the country's biggest financial institutions. The sale, Turkey's biggest privatisation and its largest international offering, was heavily over-subscribed. Officials hope investor interest will be sustained for several larger privatisations planned for this year. Page 22

EMI calls off bid talks

EMI, the troubled music group which numbers the Beatles and the Spice Girls among its artists, called off bid talks late yesterday afternoon. The company rushed out a statement almost an hour after the London stock market closed saying talks with a third party - believed to be Canadian beverage and entertainment group Seagram - had ended. Page 24

Microsoft anti-trust case expected in days

Within days the trustbusters at the US Justice Department are expected to launch a lawsuit against Microsoft, claiming the software giant has abused its monopoly power. It would be easily the most dramatic such action for a decade and is already causing a storm of argument in the US. The issue is clear - how to guarantee the right of consumers to choose how to spend their money. Page 7

FT.coms the FT web site provides updated news and an online archive of back articles at <http://www.ft.com>

Contents

News	Compassion	Managed funds
International News	Companies and Finance	Money markets
UK News	Markets	Fixed income
Weather	FTSE 100	Share information
UK	FTSE 100	World commodities
	Foreign exchange	Wall Street
	Gold markets	Bourses
	Equity options	PT Weekend
	London SE	PT Travel
	US deals	

GALLIARD HOMES LTD
Islington • Old Marylebone Rd

LONDON
RESIDENTIAL
PROPERTY EXHIBITION

★ MAXIMUM VALUE ★
Luxury
1 Bed. Apartments
from
£99,950

★ MAXIMUM VALUE ★
Luxury
2 Bed. Apartments
from
£135,000

RENTAL YIELDS
UP TO
12.4%

VIEW 12 DEVELOPMENTS UNDER 1 ROOF!

New Country development
near the Royal Albert Hall.
Private Health and Leisure Complex.
Prices from **£285,000**

New 12 & 3 bed. apartments in prime letting vicinity.
Seven car parking.
Prices from **£165,000**

Newly created apartments above The Royal Albert Hall.
Private Health and Leisure Complex.
Prices from **£140,000**

Spectacular new development overlooking Regents Park and Hyde Park.
Prices from **£185,000**

UP TO 85% INVESTMENT MORTGAGES AVAILABLE

EXHIBITION INCLUDES MANY RIVERSIDE DEVELOPMENTS MODELS & VIRTUAL REALITY TOURS

2 DAYS ONLY: SAT 9TH-SUN 10TH MAY '98

Free admission plus free transport to all developments on request.

For the free brochure, independent Financial Advisers, Letting Agents and Solicitors will be in attendance during the weekend Exhibition.

EXHIBITION SALES OFFICE
OPEN 7 DAYS 9.30-5.30
0171 620 1500

EXHIBITION VENUE
THE WHITE HOUSE
BELVEDERE ROAD
SOUTH BANK LONDON
(adjacent The Royal Albert Hall)

NATIONAL ENQUIRIES
FREEPHONE 24 Hrs.
0800 90 89 21

DOORS OPEN 10.30AM

WORLD NEWS

RECOVERY IN GERMAN EMPLOYMENT HEADLINE FALL OF 202,700 IS REGARDED AS SIGNALLING 'UNMISTAKABLE CHANGE OF TREND'

Bonn hails sharp decline in joblessness

By Peter Norman in Bonn

German unemployment fell by a moderate, seasonally adjusted 25,000 last month, offering evidence of a recovery in employment in the west and triggering hopes that eastern Germany's jobs crisis has stabilised.

The Bonn government hailed last month's sharp nationwide drop of 202,700 in the unadjusted jobless total to 4.42m as signalling an "unmistakable change of trend" in western Germany.

But it stressed unemployment, at a national average of 11.4 per cent in April on both the seasonally adjusted and unadjusted "headline" measures, was still too high and remained "the number one political challenge".

Germany's employers welcomed the news: Dieter Hundt, president of the employers' federation, forecast unemployment would fall further by more than 100,000 this month. But Ursula Engelen-Kefer, deputy leader of the trade union federation, saw no general trend for the better.

Seasonally adjusted figures from the Bundesbank showed a 14,000 drop to 2.94m jobless in the west, trimming the unemployment rate to 9.5 per cent in April from 9.6 per cent in March. In the former Communist east, the jobless total fell in the month by an adjusted 10,000 to 1.45m, cutting the regional rate to 19.1 per cent from 19.3 per cent.

In Nuremberg, Bernhard Jagoda, labour office president, said the month-on-month fall in the nationwide headline figure was the

strongest April decline since unification in 1990. He attributed it to normal seasonal trends, a broadening of Germany's economic upturn and a big expansion of government job creation measures in eastern Germany.

But the headline jobless total was still 73,900 up on April last year and a record for the month. While unadjusted unemployment in western Germany was 63,145 lower than in April 1997 and below last year's level for the fourth month running, the eastern jobless total was

137,000 up on April last year. However, Mr Jagoda pointed to other positive indicators in yesterday's labour market data. The number of new jobs on offer last month, at 341,800, was 26 per cent higher than in April last year. The Bundesbank's seasonally adjusted employment figures for February revealed a small increase of 4,000 to 33.84m - the first rise for 12 months. In eastern Germany, employment levelled off at a seasonally adjusted 5.97m after a long decline, although Mr Jagoda

warned it was too early to call a change in trend. Meanwhile, the uncertainties surrounding Germany's manufacturing-led economic recovery were highlighted yesterday by provisional Bundesbank figures showing a 1.3 per cent drop in the volume of industry's incoming orders in March. Domestic orders fell 2 per cent while export orders were a fraction below February's level. However, the Bonn economics ministry said it expected the figures would be revised upwards later.

ECB board sees inflation as big threat

By Wolfgang Münchau in Brussels

The designated board members of the European Central Bank have dismissed fears of a slide into deflation, warning instead that the main risk to Europe's fledgling recovery could come from a pick-up in inflationary pressures.

During two days of confirmation hearings in front of the European Parliament the six nominees for the executive board of the ECB signalled an uncompromising stance in the fight to preserve price stability and to

seek credibility with the public and financial markets as fast as possible.

Christian Noyer, a French civil servant and the designated ECB vice-president, pledged yesterday that "the first principle to which I am fundamentally attached is the independence [of the central bank] and it is not possible to water down this principle".

The soft-spoken Frenchman, at 47 the youngest of the six appointees to the board, came under intense pressure from MEPs who questioned his lack of experience as a central banker.

Wim Duisenberg, ECB president-designate, had earlier admitted he had consulted his colleagues before the hearings. It emerged over the last two days that the six members had secured consensus on several key issues of monetary policy.

● They said the risk of inflation exceeded the risk of deflation.

● They agreed to pursue a policy of mixed targets, with monetary targeting accompanied by an inflation forecast. This is seen as a precautionary move because the transition to economic and monetary union could desta-

bilise demand for money in the economy.

● They agreed that monetary policy is neither the cause nor the solution to Europe's unemployment problem.

● They said a centralised monetary policy would force member states to co-ordinate their fiscal policy, but they rejected the idea of a counterweight to the ECB.

● They agreed not to publish minutes of the council meetings, to be attended by the executive board and the 11 governors of the participating central banks. There is no agreement yet

on the question whether commercial banks should be forced to deposit minimum reserves.

At his confirmation hearing yesterday, Tommaso Padoa-Schioppa, the Italian board nominee, said transparency "can be satisfied with a full explanation of why decisions have been taken and the pros and cons".

Omar Issing, the German central banker who is expected to be chief ECB economist, confirmed to MEPs that he intended to serve out his full eight-year term of office.

Telecoms group in bid to halt merger of rivals

By Richard Waters in New York

GTE, one of the biggest US telecommunications companies, has taken the unusual step of going to court to try to block the merger of WorldCom and MCI Communications, a combination that opponents claim would hand the two a controlling position in access to internet.

In the lawsuit, filed late on Thursday, GTE asked for the merger to be blocked on antitrust grounds.

Its intervention came less than a week before executives from WorldCom and MCI are due to meet European Commission officials in Brussels to put their case for why a merger would not give them a dominant position that could push prices up on the internet.

"We think this merger is highly anti-competitive," said William Barr, general counsel of GTE. It would leave WorldCom with between 40 and 80 per cent of the telecommunications traffic that crosses over the internet, he added.

The two companies maintain that their combined market share would be only slightly more than 20 per cent, based on their share of the total revenues earned from Internet Service Providers.

Rivals such as GTE and Sprint, though, which are themselves big internet carriers, contend that this does not give a fair picture of their true influence, since it does not recognise the strategic significance of their share of traffic.

"It's like Microsoft saying that it only has 5 per cent of the software industry," said Mr Barr, a reference to the strategic significance of that company's dominance of the market for PC operating systems.

GTE denied that the timing of its lawsuit, filed in federal court in Washington, was intended to put pressure on the companies ahead of next week's meetings in Brussels.

Rather, it was designed to force WorldCom and MCI to hand over confidential documents that could give a clearer picture about their share of internet traffic, Mr Barr said.

GTE has acquired a reputation for its aggressive legal approach in recent years. It led the attack two years ago against the Federal Communications Commission's attempted deregulation of local telephone markets, in the process derailing a key initiative started by the country's Telecommunications Act.

The GTE lawsuit came on the same day that PepsiCo launched an unusual private antitrust action of its own against Coca-Cola.

That legal action is believed to represent the first time the arch-rivalry between the two companies has spilled over into the courts.

Pepsi claimed that Coca-Cola had unfairly put pressure on the distribution companies that serve fast-food restaurants by threatening to withdraw its own products if the distributors also attempt to carry Pepsi drinks.

MCI called GTE's lawsuit a "smokescreen" designed to take attention away from the new level of competition that the merged WorldCom/MCI would bring to the market for local telephone calls, the heart of GTE's own business.

Lebed surge starts to worry rivals for the Kremlin

Chrystia Freeland on the vilification campaign against the former general

He has been compared with Adolf Hitler and accused of provoking a new Russian civil war, but the strident vilification of the past week has not yet slowed Alexander Lebed's triumphal march towards the Kremlin.

In just over a week, the reserve general faces the second round of a Siberian gubernatorial race which will make or break his career and is already transforming Russian politics.

Mr Lebed, who defied pundits last month by dominating the first ballot with 45 per cent of the vote, makes no secret of his hopes to use the governorship of Krasnoyarsk as a springboard for the presidency if he wins next Sunday.

That ambition, and the flesh-pressing political skill Mr Lebed has demonstrated since parachuting into the contest in distant Krasnoyarsk in February, have already drafted an odd coalition of politicians into an intense, 11th hour, anti-Lebed campaign.

One of the most charismatic retired soldier's fiercest opponents has been the Communist party. Humiliated by their recent submission to the Kremlin, the Communists fear Mr Lebed



Lebed: hopes to use the governorship of Krasnoyarsk as a springboard for presidency if he wins Reuters

may prove a more appealing tribune of the disaffected than the compromised and divided party of Lenin.

And so, Gennady Zyuganov, the Communist chief, this week struck out at the gruff paratrooper with the most emotive image in the left's diminishing political arsenal - an evocation of Nazi Germany.

"I appeal to the voters of Krasnoyarsk territory," said Mr Zyuganov, whose local candidate was crushed in the first round of voting. "The election of Lebed would

mean misfortune beyond your worst dreams... The situation in Krasnoyarsk reminds me of Germany in 1931 to 1933."

Valery Zubov, reformist governor of Krasnoyarsk, who risks losing his once secure seat to Mr Lebed, struck a similarly ear-piercing tone. A former professor whose local roots and serious style have been no match for Mr Lebed's baritone bravado, Mr Zubov launched a fierce attack on both his political rival and his Kremlin patrons.

In a letter to President Boris Yeltsin, the incumbent warned a Lebed victory would put the Siberian region "on the path to civil war on a huge territory of a great nation".

Borrowing some of Mr Lebed's bluster, Mr Zubov berated the Kremlin for failing to pay local wages and warned that he would stop sending tax revenues to Moscow if the money did not arrive soon.

But these desperate attacks seem to have done little to slow Mr Lebed's resurgence on to the

national political scene. Although victory is not assured, Mr Lebed's 10 per cent margin over Mr Zubov in the first round has lent him what Leonid Radzikovsky, a former Lebed speechwriter, calls "the aura of victory".

"Everyone is opposing Lebed. They don't want such a dangerous rival," said Mr Radzikovsky, a liberal Moscow journalist. "The Kremlin is watching Lebed with horror." But I think his chances of victory are very high and if he wins the big money will start flowing to him."

The maverick officer's political prowess has already won him one unlikely fan - Mikhail Gorbachev, the former Soviet president, who began Russia's democratic revolution, who said: "He can be taught and, what is very important, he is devoted to Russia... He is seen as a man of the people who can also get along with the *nomenklatura*."

Mr Lebed's people skills will be stretched to their limits as he makes a final drive for victory in Krasnoyarsk. But if he wins in distant Siberia, he need not worry about accommodating the *nomenklatura* - sensitive to the gentlest breeze of political change, in public or in private, the establishment in Russia will scurry to establish relations with one of the strongest new contenders for the presidency.

EBRD REPORT REGION AS A WHOLE IS GROWING FOR THE FIRST TIME SINCE THE COLLAPSE OF COMMUNISM

E Europe pressed on financial controls

By Stefan Wagstyl and Charles Clover in Kiev

The countries of eastern Europe and the former Soviet Union must learn the lessons of the Asian crisis and keep tight control over their external accounts and

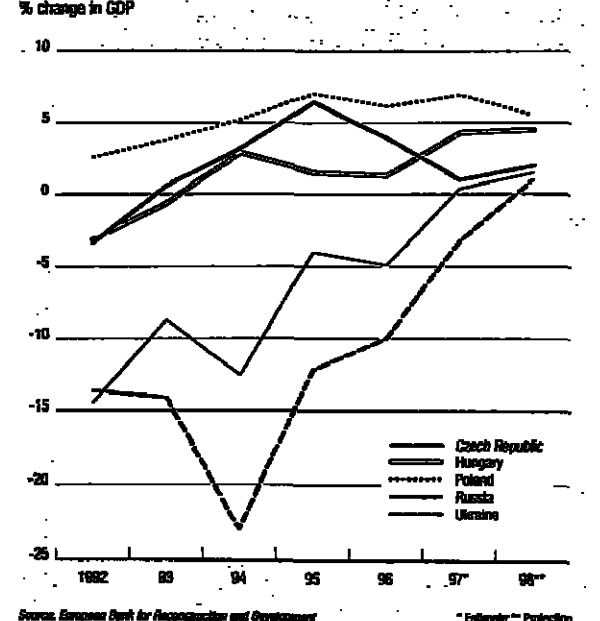
government budgets, warned the European Bank for Reconstruction and Development in a report published today.

The EBRD, which is holding its annual meeting in Kiev, said Russia, Ukraine and Romania are among countries particularly vulnerable to sudden shifts in capital flows and currencies. "The economies in transition will need to renew efforts to keep their external balances under control, particularly through prudent fiscal management, and learn the lessons on exchange rate and debt management that the Asian crises provide," said the report, written by Nicholas Stern, the chief economist.

"The bank said that while the potential for an extended period of growth is clear, "in many countries external accounts continue to be highly imbalanced and fiscal positions fragile".

The EBRD has cut its economic growth forecast for 1998 for the region from 3.1 per cent last summer, when the present scale of the Asian crisis had yet to emerge, to 2.5 per cent. The bank expects GDP growth of 3.9 per cent in eastern Europe and the Baltic states. But in the Commonwealth of Independent States, the

economic growth in eastern Europe % change in GDP



Source: European Bank for Reconstruction and Development

bank's hopes are much more modest, with a growth forecast of 1.7 per cent, including 1.5 per cent for Russia and 1 per cent for Ukraine. Nevertheless, the EBRD said the region as a whole is now growing for the first time since the collapse of Communism, with this year's forecast expansion following a 1.6 per cent

EBRD drew comfort from the progress made in financial reform in countries including Poland and Romania.

Meanwhile, the annual meeting will see a resumption of behind-the-scenes argument over the choice of a new president to succeed Jacques de Larosière, who retired in January. The appointment has been delayed by the row over the choice of the European Central Bank president, which was settled last weekend.

France's success in securing an ECB role for Jean-Claude Trichet, may have undermined prospects of France securing the EBRD post even though Philippe Lagayette, former head of the Caisse des dépôts et consignations, the French state savings bank, is considered a suitable candidate.

Other possible candidates include Philippe Maystadt, the Belgian deputy prime minister and current chairman of the EBRD board of governors, Lamberto Dini, the Italian foreign minister, and Carlo Koch-Weser, a vice president of the World Bank.

Charles Frank, the acting president, is ruled out because, as an American he cannot be considered for the post which EBRD convention restricts to Europeans.

NEWS DIGEST

NETANYAHU AIDES REJECT PLAN

US Mideast envoy in bid to save peace process

Dennis Ross, the US Middle East peace envoy, arrived in Israel yesterday in a last-minute attempt to secure Israeli acceptance of US proposals for reviving the peace process. But before Mr Ross arrived, aides to Benjamin Netanyahu, Israel's prime minister, rejected the plan which centres on Israel handing over 13 per cent of the occupied West Bank to Palestinians as part of interim accords.

Yasser Arafat, president of the Palestinian Authority, has already accepted the US plan. Earlier this week, Madeleine Albright, US secretary of state, invited the two leaders to a summit in Washington on Monday, on the condition that Mr Netanyahu accepts the package. It convened, "final status" peace talks would also be launched, to address the most difficult disputed issues such as borders, Jewish settlements and Palestinian refugees.

Analysts said Mr Netanyahu would ask Mr Ross to delay the US ultimatum to give him time to persuade his fragile coalition, which includes nationalist and religious parties who fiercely object to the US initiative. In an interview with the FT earlier this week, Mrs Albright said she was aware of Mr Netanyahu's domestic political constraints, but believed he was strong enough to win support for the plan. Avi Machlis, Jerusalem

PAKISTAN PROTEST

Suicide bishop mourned

Thousands of grieving Christians yesterday attended funeral services for a Pakistani Roman Catholic bishop who committed suicide to protest at the death sentence on a fellow Christian under the country's controversial blasphemy laws. Many more are expected to attend his funeral on Sunday.

A strong reaction from the US to the suicide of Bishop John Joseph, who shot himself on Wednesday, has added to a chorus of criticism against the blasphemy law, which human rights activists say works against non-Muslim minorities.

Ayub Masih, a Christian, was sentenced to death by a court in April, allegedly for defaming the Islamic prophet Mohammed, during an argument with a neighbour. Human rights activists say details of his offence remain sketchy. Nobody has yet been executed in Pakistan for blasphemy, though rights activists say it poses a threat to minorities.

"We deplore and condemn the imposition of a sentence of death on an individual for the peaceful expression of his beliefs," the US State Department spokesman, James Foley, said on Thursday. "In the past, we have repeatedly called upon the government of Pakistan to repeal the blasphemy law, which contributes to a climate of religious intolerance," he said. Farhan Bokhari, Islamabad

SENATE TAX REFORM VOTE

Bill on harassment passed

The US senate voted unanimously to reform the troubled US tax service in a bill which provides taxpayers with new protection against abusive tax collectors. The 97-0 vote came a week after a series of damaging hearings which uncovered new allegations that the Internal Revenue Service used violent tactics to harass taxpayers into settling with the agency.

Robert Rubin, secretary of the US treasury, which oversees the IRS, said he welcomed the senate vote late on Thursday. The Clinton administration had last year opposed reform of the agency, but reversed its position after a first set of damaging hearings into IRS abuses last autumn. The Senate bill must now be reconciled with an earlier bill from the House of Representatives, which was less radical in establishing independent oversight of the agency. The bill's estimated \$18.3bn costs, spread over 10 years, will partly be funded by extending special retirement savings schemes. Richard Wolffe, Washington

'GRAND COALITION' BREAKDOWN

German parties row over pact

Germany's governing parties yesterday tried to extract maximum national electoral benefit from the breakdown of negotiations in the eastern state of Saxony-Anhalt where the opposition Social Democrats had been talking with the Christian Democrats about the formation of a "grand coalition".

Peter Hintze, CDU general secretary, dismissed SPD claims that the blame for the talks breakdown lay in his party's refusal to include the former communist Party of Democratic Socialism in a broad front against the far-right German Peoples Union (DVU) which won 13 per cent of the vote in elections last month.

Mr Hintze said the talks collapse showed the SPD's prime concern was to establish common ground with the PDS, which won 19 per cent and is the third biggest party in the state parliament. Looking to the federal election on September 27, Mr Hintze warned that a vote for the SPD would open the door to communists.

● A parliamentary committee in Bonn yesterday ruled that Gregor Gysi, leader of the PDS in the Bundestag, had been an "informal co-worker" for East Germany's secret service, the Stasi. Frederick Stüdemann, Berlin

EUROPEAN COMMISSION

France faces insurance move

The European Commission is to take France to the European Court of Justice for failing to implement two directives which underpin the single market in insurance. The 1992 life and non-life insurance directives were due to be translated into national law by member states at the end of 1993 at the latest.

The Commission yesterday said France had still not adopted the laws needed for these directives to be applied to mutual insurance companies. The French government had specifically asked, on behalf of the mutual companies, that they be included in the scope of the directives, in order to allow them to offer services freely in other member states.

The directives impose several requirements on companies. These include meeting financial and prudential standards, and separating insurance business from other activities. The directives also stipulate that mutuals must be able to sell contracts to non-mutual companies. Samer Iskandar, Brussels

RUSSIAN IMPORTS

Quotas ended on EU textiles

The Russian government yesterday ended quotas on textiles imported from the European Union, cancelling a one-year quota on EU carpets imposed by Moscow in March. The move follows agreement between Russia and the European Union on March 31 to remove all quotas on textile trade between them as part of a broader textile agreement. The EU agreed not to renew its unilateral quotas on Russian textiles in return for Moscow's ending its carpet quotas.

The textile agreement should clear the way for EU ministers to end their classification of Russia as a "non-market economy" and boost Russia's efforts to join the World Trade Organisation. Carlotta Gail, Moscow

US SMOKING LITIGATION MINNESOTA BECOMES FOURTH STATE TO REACH SETTLEMENT

Tobacco companies to pay \$6bn to settle lawsuit

By Richard Tomkins
in New York

The US tobacco industry yesterday agreed to pay \$6bn over 25 years to settle a lawsuit brought by the state of Minnesota, just hours before closing arguments in the 14-week trial had been about to begin.

The trial had not been going well for the industry, and the out-of-court settle-

ment removes the threat that the jury could have awarded ruinous damages against cigarette makers.

But the state also had an incentive to settle because of worries about the possibility of a damages award much smaller than \$6bn, a hung jury, or a successful appeal by the tobacco industry.

The state, with its co-plaintiff, the Blue Cross & Blue Shield of Minnesota

insurance society, had claimed \$1.8bn plus punitive damages, alleging violation of state consumer protection and antitrust laws.

Most states in the US have filed suits against the industry, and three others have already reached out-of-court settlements: Mississippi for \$3.4bn, Florida for \$1.1bn and Texas for \$15.3bn, all over 25 years.

The latest settlement

means the novel legal theories being tested in these lawsuits have still not gone to a jury verdict, leaving the tobacco industry and its opponents uncertain about how a jury might regard them.

The Minnesota suit was particularly worrying for the tobacco industry because it was the first to have gone to trial. The plaintiffs used thousands of internal

tobacco industry documents to allege that the companies misled the public about the dangers of smoking and manipulated nicotine levels to make smokers addicted.

Last year the tobacco industry reached a deal with all the states suing it, under which the industry would pay out \$368.5bn over 25 years to settle the state lawsuits and certain class action lawsuits in return for immu-

nity from further big claims. That deal, however, has failed to win Congressional approval because some legislators want to impose much bigger financial penalties on the industry without giving it the legal protections it seeks.

Under last year's settlement, Minnesota's share of the \$368.5bn would have been about \$4bn. Even allowing for the fact that some of

yesterday's \$6bn award will go to Blue Cross & Blue Shield, the state's share will exceed its previous allocation.

As a result, the tobacco industry will have to pay more to the other states with which it has reached settlements, because they received promises that their shares would be increased in line with higher awards received by any other states.

Minister criticises Canada banking mergers

By George Graham in London
and Edward Alden in Toronto

Mergers involving four of Canada's five largest banks would create an unacceptable degree of banking concentration, the Canadian finance minister, Paul Martin, said yesterday.

Mr Martin said there would be greater concentration in Canada than in almost any other major country, outside Holland.

The Royal Bank of Canada and the Bank of Montreal announced in January their intention to merge. Last month, the Toronto-Dominion Bank and the Canadian Imperial Bank of Commerce also announced merger plans. Both new institutions would be among the 10 largest in North America.

But the proposals run counter to the government's policy, which prevents combinations between big banks, and therefore require Mr Martin's approval.

The finance minister said he would make no decision until after a taskforce reported later this year and full public hearings were held.

Mr Martin's comments yesterday were the strongest he has yet made against the mergers. In a separate interview in Ottawa last month he acknowledged that Canadian banks must be strong, internationally competitive players of world-class size.

But he warned of the dangers of oligopoly because the two merged banks would control 60-70 per cent of Canada's core banking assets. In a speech in Vancouver last Friday, the Royal Bank chairman, John Clegg, said there was tough competition in the banking sector and it was going to get tougher. In the mutual fund market, for instance, the fastest growing financial services segment, Canada's six largest banks held only 30 per cent of the market. The banks were also frozen out of the lucrative car leasing business and faced new competition from foreign credit card companies.

One area where the merged institutions would be untrivalled is investment banking, where the four banks control four of the five largest brokerage houses in the country. But Mr Martin pointed to shortcomings in the capital markets as one of the few weaknesses in the Canadian economy, which had otherwise "now achieved that Goldilocks effect".

Figures yesterday showed employment had surged 4 per cent since the beginning of 1997, and that 73,000 jobs had been created in April. "What is really missing in Canada is a Canadian Nasdaq," he said, referring to the US electronic stock market, which has served as a launch pad for many high technology companies.

Annan endures Rwanda genocide rebuke

By Michela Wang,
Africa Correspondent

Kofi Annan left Rwanda yesterday smarting from one of the most pointed dressing downs ever meted out in public to a visiting United Nations secretary-general.

If the one-day trip was intended to mend relations strained by the UN's controversial withdrawal of forces from Kigali just as the country's 1994 genocide began, it did little more than tap into four years of bottled-up resentment.

While UN officials had hardly expected an effusive welcome, they were clearly taken aback by the level of fury shown by survivors of the mass bloodletting, who hold the organisation almost as responsible for the deaths of between 500,000 and 1m Tutsis as the Hutu militias who did the killing.

The diplomatic ordeal began with a subdued reception at Kigali airport on Thursday, with Mr Annan pointedly spared the dancing troupes and music that traditionally characterise VIP arrivals in Africa. He was then subjected to a blistering indictment of UN policy in

Mr Annan made the mistake of stopping short of offering an outright apology

Rwanda by Anastase Gasana, the foreign minister, delivered in parliament before applauding deputies.

Admitting that he had not anticipated this kind of tough talk, Mr Annan made a speech in which he acknowledged that "the world failed Rwanda at that time of evil," but stopped well short of outright apology.

For Rwanda's leadership, still brooding over how the peacekeeping operation headed by Mr Annan withdrew all but 250 UN troops after the state-sponsored genocide began, this qualified as unpardonable arrogance.

Pasteur Bizimungu, the president, and Paul Kagame, his deputy, both boycotted a reception scheduled later that evening.

The snubs continued yesterday, with Mr Annan turning up for a visit to a technical college only to discover none of the genocide survivors he was due to meet had materialised.

At another site, survivors rebuked him for abandoning Tutsi villagers who fled off Hutu killers in one area for eight days waiting in vain for a UN rescue that never came.

While Rwanda's desire to force the UN chief to eat humble pie is understandable, the contrast with the warm reception given to President Bill Clinton on his March stopover in Kigali could not be more striking.

Washington's determination following the Somalia débacle not to get embroiled in another African crisis played a key role in the UN's failure to engage in Rwanda.

But Kigali is keenly aware that the US has become a key ally and donor for a country struggling out traditional ties with France. And unlike Mr Annan, the US leader made things easier by assuaging Rwandan sensibilities with an emotional and lengthy mea culpa.

"To put it bluntly, Rwanda can afford to humiliate the UN. But they can't afford to humiliate Washington," said a Kigali diplomat.

'Wharfies' back at work but conflict goes on in Australia

By Owen Robinson in Sydney

Australian dockers - or "wharfies" - went back to work yesterday after winning a bitter court battle against their dismissal by Patrick Stevedores, Australia's second-largest port operator.

They faced a backlog of more than 12,000 containers stranded by the dispute at ports around Australia, and economists warned it would take at least two months before commercial freight shipping returned to normal.

HSBC Markets in Sydney estimates the conflict between Patrick and the powerful Maritime Union of Australia cut at least 5 per cent off Australia's exports and 10 per cent off imports in April.

Among the hardest hit local industries were commodities producers, particularly meat exporters, and manufacturers. Some companies, including Kenworth Trucks in Victoria, resorted

to air freight deliveries in April to keep production lines running. Toyota Australia, which announced in early April it was considering shutting its local assembly plant as a result of the dispute, welcomed the dockers' return to work.

But observers warned the conflict was far from over and predicted larger battles ahead in the government's campaign for waterfront reform. John Howard, the prime minister, said it was "much too early" to say one or the other side had won. "You haven't seen the end of this issue by a long shot yet," he said.

More significantly, the waterfront dispute highlighted flaws in strict labour regulations introduced by Mr Howard's conservative coalition. In what is almost certain to be an election year, the dispute has jeopardised the government's plans for further labour market reform. It has also pitted business and the govern-



Sacked dockers march back to the wharves at East Swanson dock in Melbourne after a court ordered their reinstatement

ment against the more militant elements of Australia's union movement.

The government's relatively new workplace relations act was designed to reduce the role of unions and promote enterprise bargaining between workers and employers. But the battle on Australian wharves revitalised the union movement and showed white-collar, middle Australia that

collective industrial action could still bring results. The High Court, the last avenue of appeal, supported the maritime union's argument that Patrick's attempt to replace its 1,400 workers with a non-unionised labour force was illegal.

But the court's decision to leave the future of the 1,400 workers up to the administrators of Patrick's four labour-supply subsidiaries

was a blow to the union movement. The subsidiaries were declared insolvent under Patrick's attempt to sack the workers. Patrick has allocated some funds to enable the subsidiaries to begin operating, but at least 20 per cent of the 1,400 workers are expected eventually to lose their jobs. The negotiations to trim the workforce will be acrimonious.

New conflicts are also set

to emerge from the maritime union's civil case against Patrick and the government, for allegedly conspiring to break the union's hold on waterfront labour. The federal court supported the union's charges of an illegal conspiracy. The case, which will come before the court in the next month or two, is also likely to involve Patrick's bankers and National Farmers' Federation.

Algerian food traders thrive in one-time Islamic hotbed

The shabby Algiers suburb of La Montagne has long been at the forefront of developments. Once a militant heartland, it is now home to a shady network of importers flourishing amid economic reforms. Roula Khalaf reports

La Montagne is typical of Algiers' poor neighbourhoods, its squalid streets lined with dilapidated housing and half-completed buildings. Such was the violence in this Islamist stronghold a few years ago that even now a dozen policemen must accompany a foreigner there.

But under the surface of the misery and fear that goes with civil war thrives a trading business that has turned La Montagne (the mountain) into a main exchange for basic food products. Distributors and grocers from all over Algeria flock to the narrow, winding streets of La Montagne,

where about 60 wholesalers have set up stores behind nondescript facades. Not everyone is welcome here. When Bakhti Belaid, Algeria's commerce minister, showed up unexpectedly last week, many businesses shut down for fear of being exposed.

"There are no signs of wealth here because many of the businesses are illegal and the money made here is taken elsewhere," explains one local official.

The food exchange in La Montagne is suspected of being the heart of a shady network of importers and wholesalers making fortunes

amid Algeria's anarchy. While some accuse the wholesalers of making deals among themselves to raise prices for consumers, others say La Montagne is merely a front for big importers who use their financial clout and political links to regulate prices by deliberately creating shortages.

Mohammed, a wholesaler in La Montagne, says the neighbourhood has an unfairly bad reputation in Algeria because many residents are illiterate and have been in the forefront of political developments. Residents claim to have been the first to take to the streets in October 1988, when mass protests ushered in four years of political liberalism. At the time, La Montagne was a small hub for smugglers operating in the shadow of Socialist-style economic management.

Like many of Algiers' poor

neighbourhoods, La Montagne was then drawn to the Islamic Salvation Front (FIS), being home to one of the FIS leaders. Then, when the army in 1992 cancelled the elections the FIS was set to win, some people in La Montagne took up arms. They became "mujahideens" to the local population, and "terrorists" to the Algerian regime.

But politics did not destroy the trade, or prevent partnerships between ideological enemies. By 1995, security forces could claim to be in relative control of the area, although shooting still breaks out today. Algeria's economic reforms, meanwhile, began dismantling state import monopolies, paving the way for an army of private importers.

"We are back to being a paradise of trade," says

Mohammed. "But don't think there is a free market here. We are at the mercy of the importers."

Mohammed's young brother explains that he recently helped an importer finance the shipment of a European brand of margarine, which he sold from his store in La Montagne. But he claims the importer cheated him out of his share of the profit. He says that when he later tried to compete with his former partner and import margarine on his own, the shipment was blocked at the port.

"The big importers are like a gang. They have the power to prevent others from bringing in products," he says. "They can hold off distribution and raise prices but the government comes to take taxes from us while they let the big importers off."

Mr Belaid is known in Algeria to be fighting a diffi-

cult battle, be it against shadowy importers or illegal wholesalers.

He has described Algeria's markets as a "garbage bin" and says some importers were found to be bringing in food products after their expiry date, while others would declare ridiculously low prices for television sets coming through the port.

While some politicians in Algeria warn that the civil strife is consolidating a long legacy of corruption and shady business dealings, Mr Belaid says such perverse effects are a natural phase in economic liberalisation and should not negate the benefits of reforms.

"The scarcity of some products today does not compare with the severe shortages of the past," he says. "But there is a natural perturbation of the market during a period of transition."

G8 nations urged by IMF chief to reach out to other countries

By Robert Chote,
Economics Editor

Radical proposals to reform the annual summit of the Group of Eight leading industrial nations and make them more representative of the world economy as a whole were proposed yesterday by the head of the International Monetary Fund.

Michel Camdessus, the managing director of the IMF, suggested that every two years the G8 heads of government should meet their counterparts from the 16 other countries that hold seats on the IMF and World Bank boards.

These G24 "supersummits" would discuss big financial and economic issues, Mr Camdessus said.

Most IMF board members are elected for constituencies of several countries, so the gatherings of almost all industrial, developing and transition economies.

"This would clearly represent a step forward not only in terms of dispelling the current malaise, but also in terms of hastening the adoption of integrated policy responses to the challenges of the globalised economy," Mr Camdessus argued.

His proposal reflects frustration that the existing international financial architecture does not reflect the

Plan for crackdown on illegal logging

An international action programme to save the world's forests and to crack down on illegal logging is set to be approved this weekend by the Group of Eight leading industrial nations, which include the big temperate forested countries of Canada, Russia and the US, writes David Buchanan.

The programme, to be endorsed by the G8 foreign ministers' meeting in London which ends today, involves pledges by their countries to manage their public forests

better and to provide incentives for private tree owners to do likewise. G8 governments are also to make forestry preservation a priority for bilateral and multilateral aid to developing countries.

It also calls for a crackdown on practices such as under-invoicing that are used to disguise the scope of illegal timber trade.

The UK, which is hosting the meetings, already spends £120m (\$211m) of its overseas aid in trying to counter illegal logging.

growing importance of emerging market nations in the world financial system, as illustrated by the crises in Asia and Mexico in recent years.

Mr Camdessus made his comments as finance ministers met ahead of next week's G8 summit in Birmingham, UK. The G8 comprises the US, Germany, Japan, Italy, Canada, France, the UK and Russia, but no emerging market economies.

Mr Camdessus also backed a French proposal to give the IMF's advisory "interim" committee of finance ministers - which mirrors the membership of its executive board - statutory power to determine the global eco-

nomic watchdog's policies. This proposal was included in the IMF's articles of agreement in the 1970s but never implemented.

Mr Camdessus thinks this would "revitalise" the interim committee and address complaints that the Fund is politically unaccountable.

He argued that the committee was currently "hampered by the ritualism of its meetings and an insufficient awareness of its uniqueness and potential".

In an unusually wide-ranging and forceful speech, delivered to the Royal Institute for International Affairs in London, Mr Camdessus also called on the G7 - the

SA sports council may launch rugby boycott

By Victor Mallet
in Johannesburg

South Africa's National Sports Council was holding an emergency meeting last night to decide whether to launch an international boycott of the country's own rugby team, following the refusal of controversial rugby administrator Louis Luyt to step down amid allegations of racism and mismanagement in the sport.

Fortcoming tours of South Africa by Ireland, Wales and England and the sponsorship-rich Tri-Nations southern hemisphere competition between South Africa, Australia and New Zealand are all threatened by the rugby crisis.

Muleke George, president of the NSC - which groups 143 sports bodies and supports the government's contention that the predominantly white Afrikaner rugby authorities have done too little to promote black rugby players - has already said the NSC remains committed to sanctions against Mr Luyt's South African Rugby Football Union. "We will continue to campaign for this to happen," he said.

The dispute had dominated South African political debate this week and divided the country largely - but not entirely - along racial lines, with Mr Luyt being por-

trayed by rightwing whites as an Afrikaner martyr hounded by ungrateful black politicians.

Yesterday the ruling African National Congress said it deplored "the arrogance of Dr Luyt in refusing to step down". But the opposition Democratic party said the real reason for the dispute - a government attempt to launch an inquiry into the rugby union's affairs which was blocked by a court judgment - had been forgotten amid political point-scoring ahead of the 1998 elections.

"The coming elections may explain why ANC politicians like Muleke George are devoting so much time and energy to rugby," the party said. "It keeps the media focus off the ANC's failure to deliver on basic issues like housing and jobs."

Both sides have made mistakes in this increasingly bitter battle, which is being fought only three years after the heady day in 1995 when President Nelson Mandela - in an extraordinary act of racial reconciliation - donned a green Springbok rugby shirt and urged black South Africans to support the mainly white national team in the world cup final against New Zealand. The Springboks won.

The government misjudged its enemy, opting for

public confrontation instead of compromise and turning the notoriously stubborn and ferocious Mr Luyt into a cornered animal.

Mr Luyt, who made a fortune in the fertiliser business, also miscalculated, resisting the official inquiry into his union's affairs with a court case which he won, but in which Mr Mandela himself was forced to appear to give evidence - a humiliation not likely to be forgiven by the ANC. And on Thursday Mr Luyt rejected the requests of his own officials that he step down and disassociated himself from an apology to Mr Mandela. The four black members of the union's executive committee promptly resigned.

But it is the money which will probably be Mr Luyt's undoing. Yesterday the commercial sponsors of South African rugby, including Vodacom, the cellular phone company, joined the chorus of voices calling on him to step down. The biggest contract at risk is a multi-million dollar deal involving Rupert Murdoch's News Limited and South Africa's M-Net SuperSport for the Tri-Nations series.

Mr Alan Knott-Craig, Vodacom's chief executive, said it was time for Mr Luyt to "do the right thing" to protect rugby from further damage.

INTERNATIONAL

Investors warned of internet scam

By George Graham,
Banking Editor

The International Chamber of Commerce has warned investors against being sucked into an investment scam based on a spurious "bank debenture trading programme" peddled on the internet.

Investors in Canada, the US and other countries have lost more than \$30m in the scam, which joins a panoply of other fake financial instruments such as "prime bank guarantees" and Bank

of England certificates of deposit.

The ICC's commercial crime bureau, based in London, said the scam offered investors the chance to take part in the purchase and resale of negotiable bank instruments - purportedly issued by the world's top 100 banks. The sales pitch is backed up by copious documents allegedly conforming to the ICC's guidelines on documentary credits.

One typical offering shown to the FT required investors to put up \$3m in order to

"lease" \$100m in US Treasury bills, which will then, it is claimed, be used to trade in bank debentures. The offer claimed that an investor could trade up to 40 times a year, generating a 4 per cent profit on each trade.

It said: "The internal trading of these banking instruments is a privileged and highly lucrative profit source for participating banks, and as a result, these opportunities are not generally shared with even their very wealthiest clients."

Eric Ellen, executive direc-

tor of ICC Commercial Crime Services, said: "The 'Bank Debenture Trading Program' described in the documentation does not exist and has claimed tens of millions of dollars from victims worldwide."

Another scheme advertised on a UK internet site claimed that pension funds were prohibited by law from buying bank debentures as a new issue. "An opportunity therefore exists for wealthy investors to purchase newly issued bank debentures, obtain the bank debenture

certificate and security registration number, and then turn around and resell the bank debenture to a major financial institution at a profit."

Typically, these investment schemes warn potential investors that bank debenture trading opportunities are so secret that banks or regulators will deny their existence.

The Bank of England warns on its web site: "Beware of unbelievably good deals. As a general rule they are unbelievable."

Macao firebombed in gang-related attacks

By John Riddling
in Hong Kong

A score of firebombs wrecked cars and motor-cycles and damaged shops in Macao early yesterday in the latest bout of gang-related violence in the Portuguese enclave in southern China.

The attacks follow this month's arrest of "Broken Tooth", a suspected leader of the 14K triad gang, and a series of shootings and robberies in the territory.

The escalation of violence in the enclave is an embarrassing setback as China and Portugal step up preparations for the territory's return to Chinese administration next year.

Antonio Guterres, Portugal's prime minister, visited Macao last month and vowed the administration would maintain law and order in the territory until China takes over in December 1999.

The Portuguese first established a settlement in the tiny enclave in the 16th century, taking control of it as a colony in 1887.

Lisbon ceded sovereignty after the 1974 Portuguese revolution, but agreed to continue to run the enclave.

China this month appointed a committee to oversee Macao's return and is preparing to select a chief executive to head the post-handover administration. As with Hong Kong's return to Chinese sovereignty last year, Beijing has also set up a giant clock in Tiananmen Square to count down the time to the enclave's handover.

While gangs have long been present around Macao's gambling industry, economic downturn and turf wars ahead of the handover have resulted in an upsurge in crime and violence.

That has further depressed the tourist industry, the

largest sector of the Macao economy.

Several security officials have been targeted in the violence, including last week's car bomb attack against the director of the judicial police, Wan Kuok-koi - aka Broken Tooth - was arrested following the attack and has been charged with membership of a criminal gang.

Although officials said the motivation for yesterday's firebomb attacks was unclear, speculation centred on Mr Wan's arrest and the banning of a film that he financed.

The film, *Casino*, depicts the rise of a gangland boss and is thought to be based on Mr Wan's life.

It was released in Hong Kong this week, although censors cut scenes of extreme violence and gave it a restrictive certification to ensure it did not "glorify" triad societies.

Sacred bulls give Thais portents of better times ahead

Ancient ceremony boosts morale despite the financial crisis, writes Ted Bardacke

Thailand yesterday received a big dose of much-needed good fortune when, in the presence of the revered King Bhumibol Adulyadej, two sacred white bulls were offered seven foods in banana leaf bowls and chose only to eat rice and drink whisky.

To the five white-clad Brahmin astrologers who led the bulls and a ceremonial plough around Bangkok's central Sanam Luang park, scattering rice seeds proffered by four silky maidens in their wake, these bovine culinary choices can mean only one thing: this year's grain harvest will be abundant and Thailand will benefit from its contact with foreign countries.

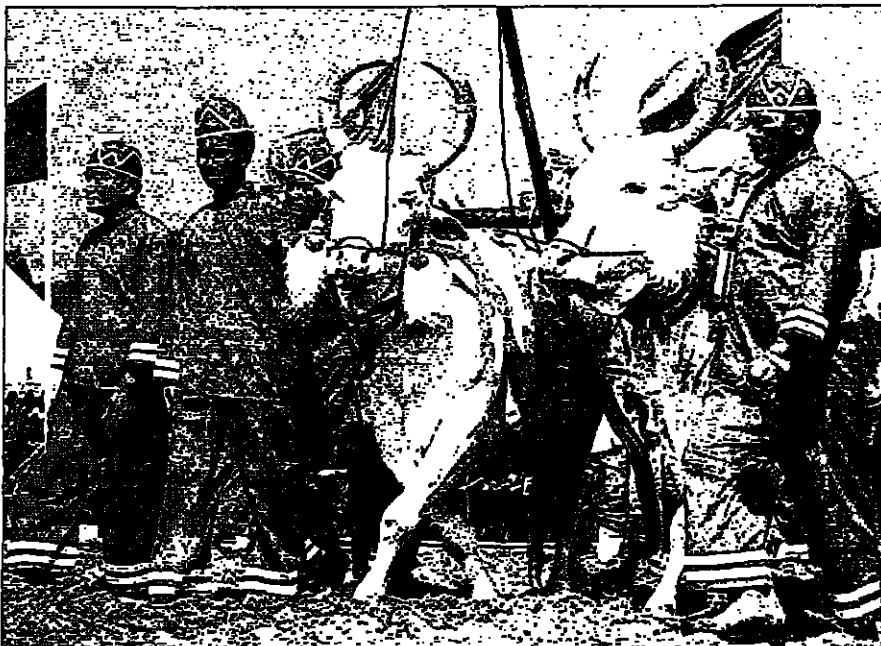
More good news came later when a royal official selected a cloth belt measuring five keuh, an ancient measurement of the distance from the tip of the tongue to the end of the index finger. Choosing the shortest of the three belts presented him portents for above-average rainfall for drought-plagued Thailand this year.

An annual event dating back to the Sukhothai period

(1257-1350), the Royal Ploughing Ceremony marks the start of the rainy season and is a sign to the country's farmers, some of whom gathered in Bangkok to collect the sacred seeds for good luck, that it's time to start work. But the ceremony is also about boosting morale in the farming community, of extreme importance and added significance this year.

In the current economic and social upheaval, Thailand is relying on its rural population on an unprecedented scale. Not only will the backbone of exports once again be rice - Thailand is the world's largest exporter - but long-neglected villages are being used as a social shock absorber in providing refuge for the new ranks of urban unemployed.

Suddenly, the urban Thai elite, who less than a year ago were pushing a cultural agenda that sought to define Thailand as a modern country in a globalised world, are singing the praises of farmers who make up 60 per cent of the population. Four years ago the prime minister, Chuan Leekpai, said that ideally only 5 per cent of



Rung and Roj, whose names together mean prosperity, in a royal ploughing ceremony yesterday. Reuters

Thais should be farmers; now his government's social agenda is devoted to preserving and protecting the village.

"Growing rice is the main obligation of Thai people," said a senior agriculture ministry official.

Many think the village will be dispersed once the economy gets back on track, but King Bhumibol is not letting anyone forget. Since the economic crisis hit he has been reminding people that land is the basis for the real riches of the country and that less development of a globalised nature, which exposes Thailand to forces far outside its control, might

be a good thing.

The king's words have led to a renewed emphasis on self-sufficiency in rural areas. Officials implementing grassroots programmes financed by nearly \$300m in World Bank loans are, for once, consulting village elders on how best to use the money for local development that may lessen their dependence on the market.

"They've got to rely on our knowledge or the money will be wasted and just make us more vulnerable," said one of those being consulted, Puayai Chalerm Wimonwibool, who after most of his land was confiscated by the banks, turned his remaining

acreage into a dense jungle of native trees bearing traditional medicine and fruits.

Yet with all the ancient history of yesterday's ceremony, Thailand is not really looking to turn back the clock. Mr Chalerm said - recent history has altered the country too much. In Ban Chang on the outskirts of Bangkok, site of the Lucien Hanks' anthropological classic *Rice and Man*, no rice fields are left.

Factories, real estate developments and discount supermarkets dominate the landscape. The only farming done there now is of grass to cover the fairways of nearby golf courses.

Hong Kong securities watchdog extends reach

By Louise Lucas in Hong Kong

Hong Kong is set to widen its regulatory reach to encompass companies that provide lending for share purchases.

The proposals, announced yesterday, will go before the legislature this autumn.

They follow the collapse of two securities brokerages which were dragged down by margin financing when the stock market began falling last October.

Under the new proposals, the 120 companies now providing margin finance will have to meet paid-up capital and liquid capital requirements.

All such companies which are not already supervised will come under the scope of the Securities and Futures Commission, the industry watchdog.

Ms Rebecca Lai, acting

secretary for financial services, said the proposed legislation aimed to protect investors while preserving the industry's freedom to decide what business it conducted.

"The margin financing companies should be able to comply with our financial requirements so that, when any of their clients come forward to get back their money, the company will have the ability to repay its clients," she said.

Margin financing has always been prevalent in Hong Kong, but surged as retail participation in the stock market rose last year.

Typically, the securities dealers finance their margin loans by third party banks which are themselves secured by the pooled stock of many clients: often, the stock securing the loan is owned

by non-borrowing clients. Under the proposed rules, certain companies will be required to restructure to create stand-alone money lending companies. All dealers providing margin finance will have to have paid-up capital of HK\$10m (US\$1.3m) and will be required to maintain a liquid "money on the table" ratio of 5 per cent of total liabilities.

Licensed securities dealers will have to restrict themselves to share margin financing and will no longer be able to offer home or other types of loans.

Once the legislation is enacted, when the legislature resumes in autumn, dealers will be given 30 days to decide whether or not to register.

A further six-month grace period will allow dealers and their clients time to comply with the new regulations.



Whenever the subject is investment your attention is a capital factor.

That's why you will surely keep in mind all the benefits the Lisbon Stock Exchange is able to offer:

- one promising worldwide recognised EMU market, with a market capitalisation over 80% of Portuguese GDP
- an efficient, competitive and liquid market
- a complete range of investment alternatives
- modern and diversified information services.

Having a closer look at the figures: in the first two months of 1998, the BVL 30 Index maintained its strong rise (+27.4% on end-1997), the equity turnover almost equalled the amount of the first semester of 1997 and the equity market capitalization increased by 33.6%.

Trust us. Try us. Go further - along with the Lisbon Stock Exchange.



Lisbon Stock Exchange

Edifício do Balcão - Rua Sampaio Pereira Gouveia - 1600 LISBOA - PORTUGAL - Tel: (351-01) 790 00 00 - Fax: (351-01) 795 20 21 - Internet: <http://www.bvl.pt/> - E-mail: info@bvl.pt

الرياض ١٤١٩ هـ

JERSEY AUTHORITIES TO REVIEW CANTRADE'S LICENCE AFTER CONVICTION FOR CRIMINAL RECKLESSNESS

UBS arm fined \$5m over currency deals

By Philip James in Jersey

Cantrade Private Bank Switzerland (CS), a Jersey-based subsidiary of UBS, the Swiss banking group, has been fined \$5m for criminal recklessness by the island's Royal Court. The bank was also ordered to pay costs of \$200,000.

Cantrade admitted four charges of criminal recklessness by making misleading statements in connection with investments. More than 80 international investors claim to have lost \$27m.

Robert Young, a 44-year-old currency trader, was jailed for four and a half years, and Alfred Williams, 49, an accountant, received 18 months. Both were found guilty after a 22-day trial of making misleading, false or deceptive statements to investors.

Richard Syvert, director of Jersey's Financial Services Department, said that the regulatory authorities would review Cantrade's licence to operate in the island. The court heard that investors lost \$10m in cur-

rency deals carried out in Jersey by Mr Young through Cantrade. Mr Young, an independent trader originally from Nottingham, England, reported that he was making healthy profits for the investors when in fact he was incurring huge losses. Mr Williams, a former tax adviser and partner with Touche Ross's Nottingham branch, produced documents purporting to audit the false trading figures, which at one point claimed profits of \$16m.

The investors, who have

recently brought a civil suit against Cantrade and Touche Ross in New York, say that the \$23m set aside by UBS for compensation is "inadequate" and "unjust" and that \$46m would be a fairer and more realistic figure. So far 16 of the 84 investors have accepted compensation totalling \$3.5m.

Yesterday afternoon's sentencing came at the end of a day and a half of legal submissions from Crown Advocate Cyril Whelan, who led the prosecution team. Alan Binnington, on

behalf of the bank, said that although Cantrade had acted rashly and stupidly it had not been dishonest. He claimed that there had been "corrupt arrangements" between Mr Young, former Cantrade employee, Peter Morton and investment manager Michael Marsh, who set up the currency dealing programme. Unbeknown to the investors, Cantrade shared its dealing commission with Mr Young, who in turn gave some of his share to Mr Marsh.

Mr Young's lawyer, David

Le Quesne, had urged the court to consider a fine or a community service order for his client, whom he described as "a gifted man" who had "fallen from grace". "When the scheme collapsed his life collapsed," said Mr Le Quesne.

Simon Young, Mr Williams' said his client had gained nothing from his involvement other than a broken marriage, ill health and bankruptcy and should be given a much shorter sentence or a community service order.

English cities may get elected mayors

By George Parker and Nicholas Timmins

All big English cities could be forced to follow London's example and appoint elected mayors under far-reaching government plans to revive local democracy.

London voters approved a new Greater London Assembly, which will have an elected mayor and 25 members, by a majority of around 3:1 on about a 50 per cent turnout in Thursday's referendum, held the same day as regular elections in municipal authorities throughout England.

The mayor, the first elected mayor for the whole of London, will work alongside the Lord Mayor, a centuries-old official with strictly ceremonial jurisdiction only in the City and not in the other 22 authorities - or boroughs - in the capital. Ken Livingstone, who has declared his intention to seek the governing Labour party's nomination for the post, made a scathing attack yesterday on high earners in the City. Mr Livingstone was the last leader of the Greater London Council, a municipal authority for the whole of London which was abolished by Margaret Thatcher's Conservative government in 1986.

The party leadership has made clear it will find a way to stop him winning the nomination and his comments yesterday illustrated why Tony Blair, the prime minister, is wary of him. Mr



Ken Livingstone: party chiefs will try to stop him gaining official Labour nomination

Contender for office hopes to tax companies in London 'making profits beyond the imagination'

Livingstone said big companies based in London should pay more tax towards tackling the city's problems.

"I would like to see a proper ability to tax the most wealthy parts of London," he said. "You have great international corporations based in the centre of London making profits almost beyond the imagination

and they need to be putting a bit more into tackling London's problems."

The companies, he said, benefited from public services such as education, police and transport. "I don't think they're paying their fair share."

The present proposals for the office of mayor do not include the power to raise taxes.

Mr Blair was shocked at the low turnout in the local elections. "The low turnout makes the case for reform compelling," said one senior government official. "We are looking at the case for a wider adoption of elected mayors, possibly in all our major cities."

In some wards in Liverpool, in north-west England, where a discredited Labour administration was ousted by the Liberal Democrats,

the turnout was as low as 8 per cent. Ministers will start work on a policy paper for local government reform on Monday. It will include a range of measures to tackle corruption and extend greater financial freedom to efficient authorities.

The government had hoped that a bill in this session of parliament would have given councils the power to experiment with elected mayors, but the measure was blocked by the Conservatives.

Mr Blair admitted that voters had delivered a vote of no confidence in some Labour authorities. "In some of the Labour heartlands we have been given a message from the electorate that we need to take account of," he said.

Lex, Page 24

Conservatives say worst is over as all parties claim win

Labour strongholds fell in a mixed night for the Blair government, writes George Parker

Politicians are well-known for their ability to detect a glimmer of hope on the blackest of election nights, but the local elections of May 7 did give the three main parties genuine reasons to smile as well as reasons for concern.

On the face of it, the Conservatives had the best reason to celebrate, since they were the only party to make net gains in the 4,000 or so seats up for grabs. William Hague, who succeeded John Major as leader almost a year ago, welcomed his party's success in notching up an extra 258. "The Conservative party has started winning again," he said. "We've had our best election results of any kind for six years and I feel it shows we have started on our recovery, but we've got a long way to go."

The party's poll ratings were up from 31 per cent in last May's national election to 33 per cent, but that hardly represents a breakthrough for Mr Hague. The party recovered only about half of the council seats it lost in the disastrous performance in 1994. Mr Hague at least now has some forward momentum, but the Conservatives need to put on another 10 per cent if they are to stand any chance of victory at the next election. The governing Labour

party had a mixed night in which it lost 79 seats. It lost control of the north-west England city of Liverpool and the London borough of Islington, once seen as among its most impregnable municipal redoubts.

The party's share of the vote was six points down on the national election at 37 per cent, and hardly represented an enthusiastic endorsement of the Labour government's first year. But that did not stop Mr Blair welcoming the results - and the fact that the government had achieved the rare feat of retaining control of most of its councils. His greatest source of comfort came from the fact that "new Labour" - or Blairite - candidates did extremely well in middle-class areas.

Labour performed worst in its "rotten boroughs" - authorities with reputations for extravagance and inefficiency where a ruling group has been unopposed for many years. These are mostly in the north of England and inner city London, where voter apathy was also at its most pronounced.

The pro-European Liberal Democrats lost 123 seats and five authorities, notably in south-east England, where the Conservatives regained some of the ground they lost in 1994.

On the basis of controlling 40 councils to the Conservatives' 24, and marginally, having more councillors, the Liberal Democrats remained the second biggest party in local government, a mantle the Conservatives had hoped to reclaim.

Global effort urged against money laundering

By John Mason, Law Courts Correspondent

Improved money-laundering laws, a global extradition scheme and an international treaty compelling the use of satellite evidence in fraud trials should be introduced to help combat worldwide financial crime, George Staple, a former director of the UK's Serious Fraud Office, said yesterday.

Mr Staple, now a partner with Clifford Chance, the UK law firm, made the recom-

mendations ahead of next week's G7 summit in Birmingham, England's second biggest city. Economic crime will be a main theme. He will expand on his suggestions at a pre-summit conference in London organised by the London School of Economics, the University of Toronto and Clifford Chance.

Introducing more effective international money laundering laws should be the main priority for the G8, Mr Staple said. The handling of illegal money now poses a

potential threat to some national economies and could begin to threaten the stability of the world's financial system.

The success of countries such as the UK and US in introducing money laundering legislation has led to criminals taking their money to less demanding regimes, he said.

"It is up to these countries, therefore, quickly to bring themselves up to the same level of prevention as the most developed coun-

tries. As a minimum, all states should bring into force laws which make money laundering and failure to disclose knowledge or suspicion of it, specific offences."

"It should be possible to obtain restraint and forfeiture orders throughout the world. Also, all states should make it an offence to help someone retain the proceeds in the knowledge or suspicion that they have been obtained from criminal activities."

Mr Staple criticised current extradition arrangements as out-dated and inadequate because they are largely dependent on bilateral treaties dating back to the last century.

Calling for a new global extradition scheme, he said: "So many legal systems have now incorporated universal recognised safeguards of human rights that countries' reluctance to extradite their own nationals to face trial abroad is becoming increasingly untenable."

Global schemes have been successful in other areas, such as aviation and shipping.

"Why not a global scheme on extradition?"

Mr Staple also called for an international treaty to compel witnesses to give evidence via satellite to court proceedings in other countries.

The British experience showed that such satellite evidence could be essential to a satisfactory outcome of court cases.

ARMS SALES ACCUSATIONS PRESSURE INTENSIFIES ON FOREIGN SECRETARY AS JUNIOR MINISTER ADMITS MAKING ERRORS IN EVIDENCE IN HOUSE OF COMMONS THIS WEEK

'Arms-to-Africa' document names five officials

By Liam Halligan, Political Correspondent

Robin Cook, the foreign secretary, was last night under intense pressure to explain the government's role in the "arms-to-Africa" controversy, after a UK company released details of alleged meetings with government officials about a weapons shipment to Sierra Leone.

Tony Lloyd, a Foreign Office minister, also admitted making errors in his evidence to MPs earlier this week over arms exports to the West African nation - which may have breached a United Nations embargo backed by Britain.

Sandline International yesterday published a letter addressed to Mr Cook detailing an arms shipment, and a series of meetings and telephone calls with government officials.

The letter, dated April 24 1998, claimed the operation in March to restore President Ahmed Tejan Kabbah, ousted in a military coup in May 1997, was both initiated and approved by Peter Penfold, Britain's high commissioner in Sierra Leone.

The letter names four Foreign Office officials said to have been briefed by the company. It also names a desk officer at the US State Department who is said to have communicated US support for the operation to a named official at the UK embassy in Washington. Sandline's claims, if proved, could result in a scandal along the lines of the arms-to-Iraq affair, in which Mr Cook led opposition efforts to damage the last Conservative government.

The Foreign Office has confirmed it tipped off Customs & Excise officials two months ago to alleg-



Robin Cook: rapid response to allegations from company

tions that Sandline had broken the UN embargo.

Mr Lloyd told the House of Commons foreign affairs committee on Tuesday that ministers had been told of a Customs investigation into Sandline only days before.

But in a House of Commons statement on Wednesday, Mr Cook said Mr Lloyd's private office was given details of the investigation in April.

Admitting there were "points to correct" in his evidence, Mr Lloyd said Mr Cook had "set the record straight", denying Conservative claims he had been "hung out to dry" by government officials and the foreign secretary.

That déjà vu feeling tests ethical policy

Robin Cook, the foreign secretary, savaged the previous government over weapons sales to Iraq. In office he faces a situation with uncomfortable parallels, write Jimmy Burns and Andrew Parker

Robin Cook, the foreign secretary, has shown himself particularly sensitive to the charge that the "arms-to-Africa" affair now hanging over his ministry has echoes of the arms-to-Iraq affair which damaged the former Conservative government.

It was Mr Cook, who as chief Labour party spokesman on trade and industry, led an impressive opposition onslaught on the Conservative government during and after the arms-to-Iraq inquiry led by Sir Richard Scott, a senior High Court judge.

An element of déjà vu may be present. But this would line up Mr Cook, who has made much of his commitment to an ethical foreign policy, for charges of gross hypocrisy. Certainly there are some disturbing similarities. In the first case, Customs & Excise prosecuted

Matrix Churchill, a UK company, for breach of an arms embargo - only to discover it had the connivance of government.

Customs staff are now investigating allegations that Sandline International, another British company, breached an embargo by arranging to supply forces in Sierra Leone with arms from Bulgaria - with the approval of Foreign Office officials.

These local forces - along with Nigerian-led peacekeeping troops - restored to the presidency Ahmed Tejan Kabbah, who had been ousted in a military coup in May 1997.

The Customs investigation, and a separate independent inquiry, is far from its conclusion. But on the basis of the evidence, there seems little doubt that Sandline operated with the backing of Foreign Office officials. There also appears to have

been a breakdown in communication between ministers and officials that may have resulted in parliament being misled.

But Stephen Day, a former senior Foreign Office official and a witness to the Scott inquiry, says the comparisons stop there. "I don't believe what has happened in Sierra Leone is affecting the whole machinery of government like the arms-to-Iraq affair did," he says. He also believes that an ethical distinction can and should be made between selling arms to Saddam Hussein and selling arms to help democratic forces in Sierra Leone.

One big difference between the two affairs has been the swift decision to order the independent inquiry. The former Conservative government set up the Scott inquiry in 1992, more than three years after the first press reports about Matrix Churchill exporting tools to Iraq for use in arms production. Mr Cook announced plans for the independent inquiry into the Sandline allegations eight days after being informed that the com-

NEWS DIGEST

\$50,000 FINE IMPOSED IN CITY

Executive is barred by futures trade regulator

The Securities and Futures Authority levied one of its biggest fines against an individual, after he sponsored more than \$450,000 from his employer's books. John Alexander Vieira Ribeiro has agreed to pay a fine of \$30,000 (\$50,100) and costs of £8,100 and has been struck off the SFA register of those authorised to work in investment business. Mr Ribeiro admitted he "failed to observe high standards of integrity" by moving the funds from TRX Futures, where he was a senior executive, to unrelated third-party accounts, without the consent or knowledge of his fellow directors. Although the SFA has levied bigger fines, these have been against companies or aimed at disgorging illicit profits.

A TRX client failed in 1993 to meet margin calls on futures it had bought. Neumann Gruppe, TRX's parent, took the futures on to its own books, but the complicated accounting transactions left a surplus of \$453,375 on TRX's books. This surplus was transferred, on Mr Ribeiro's instructions, through various accounts to a company called Neugruppe Limited, set up by Mr Ribeiro and incorporated in Jersey the previous day. It had no connection to Neumann Gruppe. The money ultimately passed to an account held in the name of Wildilly, said by Mr Ribeiro to be incorporated in Switzerland. The money was eventually repaid to TRX by Wildilly on Mr Ribeiro's instructions. George Graham, London

MUSIC INDUSTRY

Beatles block release of CD

Former members of the Beatles today won a court battle to halt the sale of an amateur recording made 36 years ago. The group reached a settlement after the company claiming rights to the music agreed to abide by an injunction stopping the sale. At the end of the case, the judge in London paid tribute to Beatle member George Harrison, whose evidence helped him decide that a CD produced from a home-made tape should be banned from sale. The action was brought by Harrison, Sir Paul McCartney, Ringo Starr and Yoko Ono after Lingsong Music claimed John Lennon had given his permission for them to exploit the music in 1962. The CDs feature their performance at the Star Club, Hamburg, when the Beatles were on the brink of fame.

The judge dismissed Lingsong's claims and ordered it to hand the original tape and recordings to the band's lawyers.

DIGITAL BROADCASTING

BDB to attempt to undercut Sky

British Digital Broadcasting, the digital terrestrial broadcasting company, is to attempt to undercut its rival Sky Television when it launches later this year, by offering subscribers a package of at least 12 channels for under £10 (\$18.70) a month. BDB told City analysts yesterday that it could break even with just under 2m subscribers and would make profits of more than £100m on 3m subscribers. British Sky Broadcasting currently has 6.8m viewers for its service, each paying at least £11.99 per month.

BDB, which is jointly owned by Carlton Communications and Granada Group, will ask most of its subscribers to pay £200 for a set-top box, which will be capable of receiving both its channels and additional digital channels from the BBC and ITV. The company is still negotiating with pay television groups such as Virgin, the US media company that owns the MTV and Nickelodeon channels, to provide channels. John Gapper, London

SATELLITE SURVEILLANCE

Crop 'spying' contract renewed

The government has renewed its "spy in the sky" contract with National Remote Sensing Centre, the company which uses satellite imagery to verify farmers' applications for arable aid from the European Union. Last year's checks, the first in which satellite technology had been used, revealed "a small but significant number" of discrepancies, such as claiming aid for ineligible land. One farmer was fined for fraud last year. Lord Donoughue, food and farming industry minister, said "this successful prosecution demonstrates that if farmers are tempted to make false claims they are liable to be found out through satellite checks, as well as through traditional field inspections". Maggie Urry

'MAD COW DISEASE'

Butchers face bone ban charge

The first prosecutions of English butchers under anti-BSE laws prohibiting the sale of beef on the bone were adjourned until June 5 by magistrates yesterday. D.P. Clarke and Palmers quality butchers, both in Bletchley, in southern England, are being prosecuted under the Beef Bones Regulations 1997 and the Food Safety Act 1990 for allegedly selling beef with the bone still in place. It is the first time the English regulations have been tested in court. John Mason, London

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700

Saturday May 9 1998

Worries of the world

The heads of government of the Group of Eight countries will not be short of topics of conversation when they meet in Birmingham next week. Not only will they be trying to decide how the global financial architecture should be changed in the wake of the Asian crisis, they will also be meeting at a time of great change for the world economy. Japan is on the brink of recession, the US may be nearing the peak of its elongated economic cycle and the European Union is preparing for one of the biggest changes to the global monetary system this century.

The main issue on the agenda will be Japan. The meeting of the G7 finance ministers in April gave a cautious welcome to the outline of the latest Japanese economic package. But since then, details of the package have been revealed. The lack of permanent tax cuts was deeply disappointing. Meanwhile, there has been no further action on the financial system, and the economy has been worsening.

This is of paramount importance to the US for two reasons. First, Japan's economic weakness is having a dramatic effect on its trade position. The US's February trade deficit was \$12bn, the highest since 1992, with the deficit with Japan rising by over 21 per cent. Second, the Japanese economy, if managed well, could be the motor that gets Asia moving again. The US will therefore use next week's meeting to lean on Japan to take urgent action.

Japan will be told that it needs to reconsider permanent tax cuts. In a climate of great uncertainty, temporary tax cuts are likely to be saved, not spent. Permanent tax cuts would at least have a better chance of improving consumer confidence.

Economic recovery also depends on the financial sector. Japan has allocated huge sums of money to recapitalising the banks but so far has just doled out the funds in equal proportion to all the major banks, demanding little in return. Japan's banking system needs a systematic clean-up of bad loans, which may require closing some of the worst-affected banks, before the economy can get back to normal.

Pressure to act

None of this will be new to the Japanese, who have heard the message many times from economists and politicians worldwide. But, with President Clinton having expressed a wish to have lengthy one-to-one chats with Japanese prime minister Ryutaro Hashimoto, the pressure to act will certainly be intensified.

The problems of the US are

tiny by comparison. The economy is still growing strongly and inflation remains low. Recent figures serve as a reminder, though, that with above-trend output growth, price pressures cannot be avoided for ever.

Yesterday's employment statistics showed that average hourly earnings rose by an annual rate of 4.4 per cent in April, the highest gain since 1993. They also showed a dramatic fall in the unemployment rate, from 4.7 per cent to 4.3 per cent, though, as most of this was due to an unusually large fall in the labour force, more data will be needed to see if the figures are reliable. And productivity growth slowed in the first quarter of 1998 to an annual rate of just 0.2 per cent.

Not conclusive

The data are not conclusive, particularly as other recent statistics have shown subdued price pressures. There is probably not enough evidence to persuade the Federal Open Market Committee to raise interest rates at this month's meeting. But if the tighter labour conditions and higher earnings growth prove to be persistent, then the long-awaited rise in interest rates could finally come this summer.

Finally, no international gathering would be complete without a discussion of European monetary union. The intriguing issue here is how Emu will change relations between the US and Europe. The G8 includes four EU countries: France, Germany, Italy and the UK. But from next year, the first three will be regarded as part of one economic and political bloc. At finance ministers' meetings, for example, they will probably be joined by a single central bank, the European Central Bank.

The relationship between the US and the Emu area countries, will become much more important. They will also have the responsibility of managing the all-important dollar-euro exchange rate. The result could be that the G8 eventually becomes a tripartite meeting, with the US, Japan and the Emu bloc dominating discussions.

The economic problems in Japan will rightly be the G8's priority, and if the leaders can persuade it to take more radical policy measures, much will have been achieved. But the changes to the world economy resulting from Emu and from a possible shift in the US economic cycle, will be no less significant. By the time of the next G8 summit, the world economy could be a very different place.

Kirk Kerkorian and Hilmar Kopper will make strange bedfellows. The first is the son of an Armenian farmer who has clawed his way to a sizeable fortune in Las Vegas and Wall Street. Airlines, casinos, movie studios - Mr Kerkorian, 80, has spent the past four decades shuffling investments on his way to becoming the glitzy desert city's best-known billionaire.

Mr Kopper is the incarnation of the German corporate establishment. Though he did not go to university, the down-to-earth Mr Kopper climbed the career ladder to become chairman of the mighty Deutsche Bank. That brought with it the job of chairing the supervisory board at Daimler-Benz, a job that put him in charge of a relationship that has been at the heart of Germany's post-war financial and corporate establishment. Mr Kopper still holds that position, despite retiring from Deutsche Bank.

Of the many stark contrasts thrown up by the planned merger of Daimler-Benz and Chrysler, this ranks as one of the most extreme. Later this year, if all goes according to plan, these two men will rub shoulders as the biggest and third-biggest shareholders of DaimlerChrysler (the largely passive Kuwait Investment Office is the second). Mr Kerkorian's representatives say he will be represented on the German company's supervisory board in Stuttgart, where Mr Kopper will remain chairman.

The Las Vegas billionaire and the staid banker, the bare-knuckled fighter and the discreet corporate politician: the two men's styles sum up the starkly different styles of capitalism that have developed in the US and Germany. But if the new brand of international capitalism represented by these two companies is to get off the ground, then such strange marriages of convenience will have to be made to work.

"The combined managements will have huge incentives" to succeed, claims Jerome York, a former chief financial officer of both Chrysler and IBM who now acts as Mr Kerkorian's chief of staff. "The worst possible outcome would be for some subset of issues to get in the way of the very compelling economics of this deal."

Of all the potential problems, one of the largest looms around the question of corporate governance - how DaimlerChrysler organises and runs itself to meet the expectations of all its shareholders. History suggests that those expectations and corporate styles have little in common, and that it will take a big shift in German attitudes, already apparently under way, for the marriage to succeed.

Chrysler had to be bailed out by US taxpayers in the early 1980s and limped into the 1990s with bankruptcy once again on the horizon. But since the mid-1990s it has been one of Wall Street's darlings. "Chrysler is viewed as one of the most shareholder-friendly companies in

Richard Waters and Haig Simonian ask whether the different corporate cultures of Daimler-Benz and Chrysler mean that Americans and Germans cannot work together



America," boasts Bob Eaton, its chairman.

If so, then Mr Kerkorian can claim considerable credit for the transformation. The current management team worked wonders in pulling Chrysler back from the brink in the early 1990s and turning it into the most profitable US auto company on measures such as return on equity and profit margins. But Mr Eaton's near-fatal mistake was to spend too much time on the front line with his sleeves rolled up, too little on Wall Street attending to the concerns of shareholders.

It took Mr Kerkorian to focus his mind. The Las Vegas investor laid siege to the company three years ago, urging Mr Eaton to use his company's cash resource to raise its dividend, buy back shares or even mount a buy-out of the company. Mr Eaton bristled but eventually agreed to the first two ideas, stopping short of a buy-out.

Mr Kerkorian will find it far less easy to twist the arms of executives of DaimlerChrysler, should he ever feel the interests of shareholders are not receiving sufficient attention. With only 5% per cent of the new Daimler-

Chrysler, and a representative on a board that meets only four times a year, his influence will be greatly diluted - something that Mr Eaton may heartily endorse.

The influence of Deutsche Bank will also shrink. The bank has already cut its interest in Daimler from 28 per cent to 21.7 per cent. It will eventually come

down to just 13 per cent of the combined group, though Mr Kopper will remain chairman. How he exercises that influence - and whether Daimler's management is as shareholder-friendly as Chrysler's - will be central questions in whether the merger works.

Despite an often passive role, Deutsche Bank has at times taken the lead in strategic decisions at Daimler. It was the bank that engineered the appointment of Edzard Reuter as chairman of Daimler's management board in the 1980s.

It was Mr Reuter, under Deutsche Bank's approving gaze, who embarked on what was later to prove a disastrous diversification, pushing Daimler into aerospace and other industries where (it thought) its engineering prowess could be exploited. The failure of that drive taught both Daimler and Deutsche Bank a harsh lesson: it also led directly to the emergence of Jürgen Schrempp at the helm of Daimler - a hard-nosed executive who has since shed unprofitable businesses and taken the sort of tough line with unions that would previously have seemed embarrassingly un-Germanic.

Mr Schrempp says he has been inspired by shareholder value. "We have pushed this for the last two or three years," he says. "It has made me unpopular in Germany."

His willingness to court notoriety, even to wear it as a badge of honour, seems a distinctly American characteristic. By itself though, it does not mean that

the merger with Chrysler is likely to speed developments such as these. "Independent of the merger, Daimler was looking at a new option scheme for 1999," Mr Schrempp says.

German corporate culture, and law, are only just catching up with such ideas. A legal change to take effect this summer will finally remove the barrier to share option plans. The same law is set to legalise share repurchase plans, devices that have become another of the great engines of the American shareholder value movement of the 1990s. It was Mr Kerkorian, after all, who pushed Chrysler into launching the share repurchase programme that has helped fuel its own share price in recent years.

Supporters of the merger claim that Deutsche Bank will throw its considerable weight behind such developments. "They've had some earnings problems of their own," says York. "That will make them more motivated to see that their investment [in DaimlerChrysler] performs well."

The bank's problems have included a string of corporate scandals that have raised concerns about its ability to exercise influence in an effective manner. Germany's largest bank was a big leader to - and board member of - two of the country's biggest recent corporate disasters: Metallgesellschaft, the metals and energy group that nearly collapsed under the weight of losses in its derivatives business, and the property empire controlled by Jürgen Schneider, who fled the country as the company's problems became evident.

The hope, at least in the US, is that shocks such as these - and the erosion of German industrial competitiveness in the 1990s - have done enough to force profound changes in the German corporate establishment. If so, then Mr Schrempp will prove one of the first of a new breed of German executives who are seeking to straddle the globe.

This week's merger is unlikely to be the last of its kind. "The overall growth rate of the world economy is decelerating," says Mr York. "That has put pressure on all industries to look for consolidation."

If that view proves correct, then the questions of management and control raised by the merger of Daimler and Chrysler are likely to become more acute as time goes on.

DaimlerChrysler - a company that will remain German, organised under German law - can achieve a lot of shareholder-friendly goals.

Structural and cultural obstacles still loom large. Take something as basic as the stock option plan, a device that Corporate America has fallen in love with in the 1990s and which many companies credit with instilling a new concern about shareholders' interests in US boardrooms. German law has not even recognised such plans in the past - though Schrempp claims credit for being the first big German company to push through a scheme that mirrors some of the benefits of options.

The merger with Chrysler is likely to speed developments such as these. "Independent of the merger, Daimler was looking at a new option scheme for 1999," Mr Schrempp says.

German corporate culture, and law, are only just catching up with such ideas. A legal change to take effect this summer will finally remove the barrier to share option plans. The same law is set to legalise share repurchase plans, devices that have become another of the great engines of the American shareholder value movement of the 1990s. It was Mr Kerkorian, after all, who pushed Chrysler into launching the share repurchase programme that has helped fuel its own share price in recent years.

Supporters of the merger claim that Deutsche Bank will throw its considerable weight behind such developments. "They've had some earnings problems of their own," says York. "That will make them more motivated to see that their investment [in DaimlerChrysler] performs well."

The bank's problems have included a string of corporate scandals that have raised concerns about its ability to exercise influence in an effective manner. Germany's largest bank was a big leader to - and board member of - two of the country's biggest recent corporate disasters: Metallgesellschaft, the metals and energy group that nearly collapsed under the weight of losses in its derivatives business, and the property empire controlled by Jürgen Schneider, who fled the country as the company's problems became evident.

The hope, at least in the US, is that shocks such as these - and the erosion of German industrial competitiveness in the 1990s - have done enough to force profound changes in the German corporate establishment. If so, then Mr Schrempp will prove one of the first of a new breed of German executives who are seeking to straddle the globe.

This week's merger is unlikely to be the last of its kind. "The overall growth rate of the world economy is decelerating," says Mr York. "That has put pressure on all industries to look for consolidation."

If that view proves correct, then the questions of management and control raised by the merger of Daimler and Chrysler are likely to become more acute as time goes on.

LETTERS TO THE EDITOR

A union that is a system, not a state

From Mr Simon Hix.

Sir, Lionel Barber argues ("In the beginning...") May 1 that Emu will not lead to political union in Europe. Surely this issue is a peculiarly British obsession. The rest of Europe accepts there already is a significant degree of political union.

The Commission has considerable executive and regulatory powers, comparable to those of any domestic government. The court of justice is much like the US supreme court. The European Central Bank will be akin to the US Federal Reserve. Following

the Amsterdam Treaty most laws for the single market will be adopted through a genuinely "bicameral" legislature procedure, under which the European parliament has equal power with the Council. Moreover, Jacques Delors' provocative claim in 1988, that in 10 years 80 per cent of all economic and social legislation applicable in the member states will come from the EU, has proven to be remarkably accurate.

What Lionel Barber presumably means is that Emu will not create an EU "state". I agree. But

we should remember that the United States did not have anything an Englishman would recognise as a state until the New Deal in the 1930s.

The EU is a "political system", not a state, with an important degree of political union. Claiming anything different is simply deluding the public.

Simon Hix, lecturer in European Union politics and policy, London School of Economics, Houghton Street, London WC2A 2AE, UK

Cheaper fare lies elsewhere

From Mr Roland Fernsby.

Sir, In your The Business of Travel review (May 7) Mr Henry Essenberg, the chief executive of KLM UK, asks ("Still flying a middle course"): "Who caters for the needs of the smaller businessman or woman who has to get to the other end of the country for a meeting first thing in the morning but does not have the travel budget of a blue chip company?"

Well, not KLM UK for starters. At the beginning of February I wanted to fly on a Wednesday midday to Edinburgh to see a client and return the next day. KLM UK quoted a price of £215 from Stansted.

I paid £78 for an EasyJet Luton/Edinburgh return (but I did have to pay for my gin and tonic).

Welcome to Stansted, "Go". Roland Fernsby, Financial Practitioner, The Manor House, High Street, Buntingford, Herefordshire SG9 9AB, UK

Don't drop this cup

From Mr Brian May.

Sir, Lex ("Coffee", April 30) felt that Brits and Americans were paying a "whopping £1.80 (or \$3) for a decent cup of coffee. It advises Starbucks, in relation to the acquisition of the Seattle Coffee Company, to drop the paper cup, presumably in preference to a china alternative.

The success of the company has been built largely on the "coffee to go" concept, and I would suggest, therefore, that the customers are unlikely to be prepared to pay at least another £1 for the benefit of the first china cup take-away!

Brian May, finance director, Buns Disposables Europe, Epsom Chase, 1 Hook Road, Epsom, Surrey KT19 5TY, UK

Subsidies are the real problem

From Mr Roger Bate.

Sir, The reason the US wants Canadian water ("Canada water could become a trade good", May 5) is because of the enormous subsidies implicitly paid to US farmers for water. At its most extreme, municipalities in California pay \$2,000 per acre-foot of water, while farmers buy water at \$2.50. At such a low price farm-

ers' demand is bound to be excessive. US government subsidies to farmers, not North America Free Trade Association trade in Canadian water, is the real problem.

Roger Bate, director environment unit, Institute of Economic Affairs, 2 Lord North Street, London SW1P 3LR, UK

Investors can make a profit by poaching eggs

From Mr Michael Mabbutt.

Sir, Barry Riley ("Winners against the odds", April 26-28) states: "The key to long-term success, says Charles Ellis (the US investment consultant), is to understand investment risks. In equities, there is a general market risk, which you cannot avoid, and there are specific risks associated with individual stocks, which can be diversified away."

Big fund management institutions probably understand invest-

ment risks, but are increasingly being pressured into focusing on business risks. They seem more concerned about avoiding underperformance relative to competitors and/or benchmarks than protecting investors' capital.

In contrast, many hedge funds seek absolute returns, regardless of market direction, by employing a variety of market-neutral strategies. These help them avoid the general market risks which Mr Ellis says cannot be avoided.

Big fund management is becoming a market-dependent, index-tracking basket into which all eggs are thrown. As investors realise market returns are bound to come tumbling down at some point, the hedge fund industry finds itself poaching some of those eggs.

Michael Mabbutt, Thames River Capital, 185 Knightsbridge, London, SW7 1RE, UK

IMPROVE YOUR READING HABITS.

Simply subscribe to the Financial Times. There's no better way to keep abreast of all the important events that affect your business. Whether the subject is political change, economic and financial events or technological breakthroughs, the FT provides you with invaluable information and insight to help you reach better business decisions.

Subscribe today. You will enjoy considerable savings on the regular newsstand price, and you will receive four weeks of the FT (24 issues) at no extra charge. More important, however, you will be prepared for tomorrow.

BE SMART. SUBSCRIBE NOW.

Yes, I would like to subscribe to the Financial Times. Please enter my subscription for 12 months at the following rate:

Country: City: Postcode:
Name: Title:
Company:
Address:
Telephone:

PLEASE ALLOW UP TO 21 DAYS FOR YOUR ORDER TO BE SENT

For the Financial Times, please contact: Financial Times (Europe) GmbH, Subscription Department, 10001 Frankfurt am Main, Germany. Telephone: +49 69 12 50 20. Fax: +49 69 12 50 21.

For the Financial Times, please contact: Financial Times (USA) Inc., Subscription Department, 10001 New York, NY 10020, USA. Telephone: +1 212 512 2000. Fax: +1 212 512 2001.

For the Financial Times, please contact: Financial Times (Japan) Ltd., Subscription Department, 10001 Tokyo, Japan. Telephone: +81 3 5561 1000. Fax: +81 3 5561 1001.

For the Financial Times, please contact: Financial Times (Australia) Pty Ltd., Subscription Department, 10001 Sydney, Australia. Telephone: +61 2 9592 1000. Fax: +61 2 9592 1001.

For the Financial Times, please contact: Financial Times (South Africa) Pty Ltd., Subscription Department, 10001 Johannesburg, South Africa. Telephone: +27 11 431 1000. Fax: +27 11 431 1001.

For the Financial Times, please contact: Financial Times (New Zealand) Ltd., Subscription Department, 10001 Auckland, New Zealand. Telephone: +64 9 309 1000. Fax: +64 9 309 1001.

For the Financial Times, please contact: Financial Times (Canada) Inc., Subscription Department, 10001 Toronto, Canada. Telephone: +1 416 593 1000. Fax: +1 416 593 1001.

For the Financial Times, please contact: Financial Times (India) Pvt. Ltd., Subscription Department, 10001 New Delhi, India. Telephone: +91 11 261 1000. Fax: +91 11 261 1001.

For the Financial Times, please contact: Financial Times (Singapore) Pte. Ltd., Subscription Department, 10001 Singapore. Telephone: +65 434 1000. Fax: +65 434 1001.

For the Financial Times, please contact: Financial Times (Hong Kong) Ltd., Subscription Department, 10001 Hong Kong. Telephone: +852 252 1000. Fax: +852 252 1001.

For the Financial Times, please contact: Financial Times (Taiwan) Ltd., Subscription Department, 10001 Taipei, Taiwan. Telephone: +886 2 271 1000. Fax: +886 2 271 1001.

For the Financial Times, please contact: Financial Times (Thailand) Ltd., Subscription Department, 10001 Bangkok, Thailand. Telephone: +66 2 252 1000. Fax: +66 2 252 1001.

For the Financial Times, please contact: Financial Times (Malaysia) Pte. Ltd., Subscription Department, 10001 Kuala Lumpur, Malaysia. Telephone: +60 3 252 1000. Fax: +60 3 252 1001.

For the Financial Times, please contact: Financial Times (Indonesia) Pte. Ltd., Subscription Department, 10001 Jakarta, Indonesia. Telephone: +62 21 252 1000. Fax: +62 21 252 1001.

For the Financial Times, please contact: Financial Times (Philippines) Inc., Subscription Department, 10001 Manila, Philippines. Telephone: +63 2 252 1000. Fax: +63 2 252 1001.

For the Financial Times, please contact: Financial Times (Vietnam) Ltd., Subscription Department, 10001 Hanoi, Vietnam. Telephone: +84 4 252 1000. Fax: +84 4 252 1001.

For the Financial Times, please contact: Financial Times (Cambodia) Ltd., Subscription Department, 10001 Phnom Penh, Cambodia. Telephone: +855 23 252 1000. Fax: +855 23 252 1001.

For the Financial Times, please contact: Financial Times (Laos) Ltd., Subscription Department, 10001 Vientiane, Laos. Telephone: +856 21 252 1000. Fax: +856 21 252 1001.

For the Financial Times, please contact: Financial Times (Myanmar) Ltd., Subscription Department, 10001 Yangon, Myanmar. Telephone: +95 9 252 1000. Fax: +95 9 252 1001.

For the Financial Times, please contact: Financial Times (Nepal) Ltd., Subscription Department, 10001 Kathmandu, Nepal. Telephone: +977 1 252 1000. Fax: +977 1 252 1001.

For the Financial Times, please contact: Financial Times (Bhutan) Ltd., Subscription Department, 10001 Thimphu, Bhutan. Telephone: +975 3 252 1000. Fax: +975 3 252 1001.

For the Financial Times, please contact: Financial Times (Maldives) Ltd., Subscription Department, 10001 Malé, Maldives. Telephone: +960 7 252 1000. Fax: +960 7 252 1001.

For the Financial Times, please contact: Financial Times (Sri Lanka) Ltd., Subscription Department, 10001 Colombo, Sri Lanka. Telephone: +94 11 252 1000. Fax: +94 11 252 1001.

For the Financial Times, please contact: Financial Times (Bangladesh) Ltd., Subscription Department, 10001 Dhaka, Bangladesh. Telephone: +880 2 252 1000. Fax: +880 2 252 1001.

For the Financial Times, please contact: Financial Times (Pakistan) Ltd., Subscription Department, 10001 Karachi, Pakistan. Telephone: +92 21 252 1000. Fax: +92 21 252 1001.

For the Financial Times, please contact: Financial Times (Afghanistan) Ltd., Subscription Department, 10001 Kabul, Afghanistan. Telephone: +93 11 252 1000. Fax: +93 11 252 1001.

For the Financial Times, please contact: Financial Times (Tajikistan) Ltd., Subscription Department, 10001 Dushanbe, Tajikistan. Telephone: +992 37 252 1000. Fax: +992 37 252 1001.

For the Financial Times, please contact: Financial Times (Uzbekistan) Ltd., Subscription Department, 10001 Tashkent, Uzbekistan. Telephone: +998 71 252 1000. Fax: +998 71 252 1001.

For the Financial Times, please contact: Financial Times (Kyrgyzstan) Ltd., Subscription Department, 10001 Bishkek, Kyrgyzstan. Telephone: +996 312 252 1000. Fax: +996 312 252 1001.

For the Financial Times, please contact: Financial Times (Moldova) Ltd., Subscription Department, 10001 Chişinău, Moldova. Telephone: +373 22 252 1000. Fax: +373 22 252 1001.

For the Financial Times, please contact: Financial Times (Belarus) Ltd., Subscription Department, 10001 Minsk, Belarus. Telephone: +375 17 252 1000. Fax: +375 17 252 1001.

For the Financial Times, please contact: Financial Times (Ukraine) Ltd., Subscription Department, 10001 Kyiv, Ukraine. Telephone: +380 4 252 1000. Fax: +380 4 252 1001.

For the Financial Times, please contact: Financial Times (Belgium) Ltd., Subscription Department, 10001 Brussels, Belgium. Telephone: +32 2 252 1000. Fax: +32 2 252 1001.

For the Financial Times, please contact: Financial Times (France) Ltd., Subscription Department, 10001 Paris, France. Telephone: +33 1 252 1000. Fax: +33 1 252 1001.

For the Financial Times, please contact: Financial Times (Germany) Ltd., Subscription Department, 10001 Frankfurt, Germany. Telephone: +49 69 12 50 20. Fax: +49 69 12 50 21.

For the Financial Times, please contact: Financial Times (Italy) Ltd., Subscription Department, 10001 Rome, Italy. Telephone: +39 6 252 1000. Fax: +39 6 252 1001.

For the Financial Times, please contact: Financial Times (Spain) Ltd., Subscription Department, 10001 Madrid, Spain. Telephone: +34 91 252 1000. Fax: +34 91 252 1001.

For the Financial Times, please contact: Financial Times (Portugal) Ltd., Subscription Department, 10001 Lisbon, Portugal. Telephone: +351 21 252 1000. Fax: +351 21 252 1001.

For the Financial Times, please contact: Financial Times (Greece) Ltd., Subscription Department, 10001 Athens, Greece. Telephone: +30 1 252 1000. Fax: +30 1 252 1001.

For the Financial Times, please contact: Financial Times (Turkey) Ltd., Subscription Department, 10001 Istanbul, Turkey. Telephone: +90 212 252 1000. Fax: +90 212 252 1001.

For the Financial Times, please contact: Financial Times (Russia) Ltd., Subscription Department, 10001 Moscow, Russia. Telephone: +7 495 252 1000. Fax: +7 495 252 1001.</

MAN IN THE NEWS JACQUES CHIRAC

Bulldozer in overdrive

Robert Graham looks at the trouble Europe is having in coming to terms with the French president, now three years in office

If a tough skin is the key to a politician's survival, President Jacques Chirac is well-endowed.

Castigated at home and abroad for nearly derailing the launch of the euro by trying to impose a Frenchman as president of the new European Central Bank, within days he has bounced back like a prize fighter ready for more.

This week he played host to Chancellor Helmut Kohl in Avignon at the 7th Franco-German summit. He seemed determined to prove to an often hostile press he was still in control. With a business-as-usual smile, he plunged into enthusiastic crowd, shaking hands, kissing children and bending his tall frame to listen to pensioners. A thousand days into his presidency, he was still playing the populist role, coming across as the *sympathique* politician polls say three-quarters of France finds him to be.

With his old friend "Helmut" - equally good-humoured in spite of domestic opposition to his handling of the euro - everything was cordial and optimistic. Exuding easy charm, he even managed to turn the ritual end-of-summit press conference on Thursday into a self-congratulatory session celebrating his three years at the Elysée.

"It is not simply that Chirac is thick-skinned," observes a French journalist.

"He does not look back and keeps pushing ahead. Not for nothing is the 55-year-old president nicknamed 'Le Bulldozer'."

His performance this week was all the more remarkable because things are not going his way. He still trails premier Lionel Jospin in the polls. The electorate has not forgiven the volte-face on his 1995 presidential promises to tackle unemployment.

The chorus of criticism directed against him for allowing France to be completely isolated on the ECB issue caught him off guard. He has been mercilessly lampooned all week for his stricture: "On ne rit pas" (one doesn't laugh). This was directed at the laughter that greeted his description, given last weekend in Brussels, of Dutchman Wim Duisenberg's "voluntary" retirement from the ECB in favour of a Frenchman.

Of more lasting concern, the RPR, the Gaullist party he founded, is riven by personality clashes and policy differences. There has been the embarrassing spectacle of Mr Chirac, once a sceptic

in opposition, extolling the virtues of economic and monetary union as president. At the same time, the RPR has been so torn by the issue that it walked out of the parliamentary vote on the euro.

The full mess is on display in the Paris city administration until he moved to the presidency in 1995. His appointed heir as mayor, Jean Tiberi, is in open conflict with his national allies. Throughout the country, Mr Chirac has proved powerless to prevent the moderate right from a gradual disintegration as influential members look to the racist National Front for support.

But the real dampener on the celebration of the president's 1,000 days in office is the all-too-obvious fact that he no longer holds the reins of power. Authority has shifted decisively over the past 12 months from the Elysée to the Matignon palace where Mr Jospin, the Socialist prime minister, holds sway.

This is a striking reversal of the traditionally dominant

presidential role under the Fifth Republic. In personal terms, the changing wheel of fortune is dramatically underlined because Mr Chirac easily defeated Mr Jospin, the left candidate, in the 1995 presidential race, only to see him win last year's general election.

Mr Jospin made a caustic reference to this role reversal at this week's Franco-German summit. Three years ago I congratulated Jacques Chirac on his election and today I can congratulate myself for being here (as premier) to celebrate this anniversary. The irony escaped no one: Mr Chirac misread the political tea-leaves calling last May's general election. In so doing, he lost control of government.

Mr Chirac has the constitutional means to dissolve the present parliament. Yet another election would be politically counter-productive so long as the Jospin administration retains its popularity. The president will probably have to accept "cohabitation" with a government of a different political colour for the remaining

four years of his term.

So far, Mr Jospin has played a cool, near-faithless hand in what must be Europe's most potentially conflict-ridden form of government. In contrast to Mr Chirac's premiership under President François Mitterrand, he has avoided head-on collisions. Mr Jospin has not risen to provocative remarks from Mr Chirac on such things as his plans to introduce a 35-hour working week, nor on the Socialist budgetary policy. His strategy has been to ringfence domestic policy from presidential interference and keep the Elysée happy, letting it handle foreign policy and defence where the constitution accords primacy to the head of state.

Tactically, Mr Jospin is sitting tight. His hope is that Mr Chirac will be caught by his own inconsistencies - whether it is as a Eurosceptic who turns pro-euro, or a critic of the *franc fort* policy (for destroying jobs) who then endorses both budgetary discipline and Jean-Claude Trichet, the central bank governor, to head the

ECB. This week, even the conservative *Le Figaro* newspaper labelled Mr Chirac "the virtuoso of the 180 degree turn".

With his overall area of initiative sharply reduced, Mr Chirac's unstoppable energy has been devoted to foreign policy to compensate. This accounts for his activism over Iraq and the Middle East as a whole. It also helps explain his robust attempt to counter German influence over the single currency by championing Mr Trichet. The Jospin government backed him, but not as enthusiastically as the president would have liked.

For as a hyperactive politician with his wings clipped, it is questionable how long Mr Chirac can keep his frustrations in check. His ambition still seems centred on seeking re-election in 2002 and, indeed, he is the sole credible candidate among the moderate right parties. But even though he is treated as the *de facto* head of the opposition, his status prevents him from playing such a role.

By contrast, Mr Jospin has the political field to himself. He needs only keep his coalition together and reap the rewards of the economic recovery to be in a strong position to present himself as presidential candidate of the left. Cohabitation in these circumstances will test not only good manners, but also the workings of the Fifth Republic's constitution.



When the choice is not so simple

The US government and Microsoft both claim to be putting the consumer first, says Richard Wolffe

This weekend, as you turn on your computer or surf the internet, ask yourself this: should the US government file an anti-trust action against Microsoft on your behalf? Within days the trustbusters at the justice department are expected to launch a lawsuit against the software giant, alleging it has abused its monopoly power. It would be easily the most dramatic such action for a decade. It is already causing a storm of argument in the US. And the issue is reasonably clear: how to guarantee the right of consumers to choose how to spend their money. The only snag is that both sides claim to have the consumer's rights on their side.

"Ultimately this is about consumer choice," says Scott Harshbarger, attorney general of Massachusetts, one of a dozen states which are planning to launch a separate lawsuit on similar grounds. "Consumers should be able to make their own choices in a competitive marketplace, not have their choices made for them by some monolithic entity."

Microsoft makes almost exactly the same point. But in its version, the "monolithic entity" is the US government. It argues that consumers want it to continue offering innovative products, such as its new Windows 98 operating software. This places computer access at the heart of the computer's operating system by integrating the browser - which navigates the world wide web - with everyday functions.

To back up its arguments, the company commissioned an opinion poll, published this week. According to the poll, 68 per cent of the 1,000 people surveyed believe it would be a waste of taxpayers' money for the states to block the launch of Windows 98, now just a week away.

The poll went to the heart of the matter for both sides. More than three-quarters of those surveyed said they agreed with the idea that "the best way to ensure competition in the industry is to let consumers and the market decide without government intervention".

Ralph Nader, the leading US consumer activist, also says that consumers should decide - but argues that it is Microsoft that is getting in their way. In a letter to Bill Gates, last autumn, he accused the Microsoft chairman of "moving to position yourself as the new middleman on every lane of the information highway possible".

The question is which is more important for consumers: simplicity or choice? Supporters of Microsoft say: simplicity. Consumers, they think, want simple access to the internet, via software that fits neatly on to their computer. The browser is free; no consumers are getting something for nothing. And since, they argue, the company ensures the software is upgraded to take advantage of improvements in

'Consumers should not have choices made for them by a monolithic entity'

design, there is no reason why the government should step in.

For its part, the government believes simplicity is not the issue: consumer choice is. It argues that consumers should have the freedom to choose between Microsoft products and its rivals' offerings, in particular Netscape's internet browser. Hence the justice department is expected to ask a federal court next week to force Microsoft to hide its internet software. That is likely to mean substantial changes to Windows 98, which would probably delay its launch.

Since Microsoft began giving its browser away, Netscape's market share has plunged from an estimated 75 per cent to around 55 per cent. But the justice department says there is no such thing as a free browser. One of the remedies it is expected to seek in court next week is to force Microsoft to offer a browser-free version of Windows 98 at a cheaper price than the

full, internet-friendly product.

"We are not looking to substitute our judgement for the judgement of the consumer," said one government source. "Our guiding principles are how to promote and enhance competition. Because the more choices there are, the more competition there is - and the better the products, at lower prices, reaching the marketplace."

However, the US government is sensitive to accusations that taking this stance is in practice meddling in free markets. Microsoft says that it will be reluctant to create better products in future if the government interferes in its current designs.

"That is almost a golden goose argument," said one senior government adviser. So the argument in Washington is not only about how to get on to the internet now. The real battle is over the future shape of the online services (such as internet shopping) which may well dominate commercial life in the next century.

Alongside the Microsoft inquiry, the Federal Trade Commission is investigating allegations of monopoly abuses by Intel, the world's largest chip maker with a 90 per cent market share.

And another front has opened up with so-called internet backbone providers - the telecommunications giants which transmit data along the internet. GTE filed a private anti-trust suit against the merger of WorldCom and MCI on Thursday, pre-empting current action being considered by anti-trust investigators.

Joel Klein, the head of anti-trust operations at the justice department, denies the government is seeking to manage the shape of the industry, or even of individual companies.

"I am not one who believes that markets are inevitably self-correcting. But I do think government intervention in the marketplace should be as surgical and non-regulatory as possible," he says. Given the scope of the issues at stake, though, he will have a lot to do to make such a surgical strike successful.

As Jane Austen didn't say, it is a truth universally acknowledged that a single lane in possession of a large traffic jam must be in want of an integrated transport management/reduction system.

Universally acknowledged, but rarely acted upon. The next time you are sitting in a traffic jam thinking what can be done about it, you might consider the biggest exception to the rule of mass gridlock: Singapore.

Here are wide, well-maintained and uncongested streets. Traffic moves at more than 60km per hour at peak time - a rush-hour indeed. This is the city-state of the art. And it has recently taken its lesson on how to avoid traffic jams to the next stage.

Last month, Singapore introduced electronic road pricing. The new system deducts tolls automatically from pre-paid cash cards slotted into units mounted on a car dashboard, as vehicles pass through an electronic entry. Electronic surveillance cameras photograph the registration plates of vehicles without cash cards or enough money on them. Violation notices are then automatically mailed out. To use city centre roads, cars pay \$1 to \$2, depending on the time of day. Trucks and motorcycles are charged lower rates. Flexibility is one of the hallmarks of electronic pricing.

Similar schemes have been tried experimentally in small areas in other countries. But there has been nothing on this scale. In Singapore, the scheme is being introduced gradually and will cover much of the central area of the city by September. What can others learn from it? The main lesson is that the introduction of clever technology is not itself critical. Elsewhere, authorities have been dissuaded by the high cost of high-tech systems - Singapore's costs \$419m (US\$118m). But more important has been opposition

How to stop traffic jams

Sheila McNulty and John Parker on the one city to grasp the nettle of restricting traffic

from the car lobby - which fears a drop in sales - and public resistance to road fees.

If one had introduced a system like this in many countries, there might have been a revolution. But in Singapore "people have accepted it quite easily, especially the young for whom high technology is a part of their lives", says A.P.G. Menon, senior manager of Traffic & Road Management in the Land Transport Authority.

There are many reasons for this, but all of them go back to the exercise of political will by the ruling party over many years. The government's insistence that new technology is vital for an island with no natural resources except its citizens has predisposed people to the scheme. In Mr Menon's words: "It's all

about having an intelligent island."

More immediately, earlier traffic schemes have accustomed the public to interventionist policies on the roads. For example, the area covered by the electronic scheme was first delineated in 1975 when drivers in the most congested areas were required to buy coupons to enter. Traffic policemen still monitor the area and fine violators \$870. In some sense, the new scheme merely automates its predecessor.

Some traffic policies have been perverse. At one point, drivers in congested areas were required to have four people in the car. The idea was to reduce the total number of cars needed for a given number of passengers. But drivers simply went to the nearest bus stop, picked up anyone will-



Sure-footed: Singapore's pedestrians have an easy time of it. Neil Setchfield

Measures to keep the world's motorists off the streets

Singapore may be the state of the art, but cities around the world have adopted a range of methods for restricting car use. Charles Batchelor writes.

● In Tokyo and other Japanese cities motorists must produce a certificate, issued by their local police station, to show they have a parking space within 2km of their home. Otherwise they cannot buy a car.

● In Oslo, Bergen and Trondheim in Norway electronic tolling systems, which "read" a smart

card on the car's dashboard, charge motorists for entering the city centre.

● Zurich, Switzerland, has progressively reduced the availability of parking to non-residents to a maximum of 90 minutes, forcing commuters to park on the edge of town and take public transport. The speed limit on many streets is 30km per hour.

● The "square mile" of the City of London has closed many small streets and restricted entry to a handful of main points. This measure, introduced to counter terrorism, has sharply reduced traffic levels.

● Bologna and 41 other Italian cities limit parking to local residents.

● Portland, Oregon, has restrictions on new developments on the edge of town that encourage higher living densities and make public transport more viable. Car use has also been reduced by the opening of a light rail system and the creation of pedestrian zones.

● Groningen, the Netherlands, has encouraged cycle use by sub-dividing the city into zones, making direct cross-town car journeys impossible and concentrating new developments on public transport routes. Bikes account for 50 per cent of all trips.

● Athens, Greece, has pedestrianised a large part of the city centre and allows only odd and even-numbered cars into the centre on alternate days. It is now considering restricting access to zero and low-emission vehicles.

Filling stomachs for the fight

Michela Wrong reports on the dilemma facing the aid effort in Sudan, which may be prolonging the war

There are swimming pools to lounge by, tennis courts to pound and a choice of bars serving cold beer. The administrators' offices are air-conditioned. Flower beds fringe the buildings and paths are neatly picked out in whitewashed borders.

A private club in a wealthy western suburb? No, the centre of a relief effort for starving people in Sudan. Once no more than an aircraft refuelling stop in a mountainous, cattle-rustling region of north-eastern Kenya, Lokichokio today has little of the make-do quality usually associated with emergency relief operations. It smacks of permanence.

That is scarcely surprising. Operation Lifeline Sudan, the *raison d'être* for the aid village, is 10 years old - and showing no signs of disappearing. The coming weeks will present the organisation, set up as a short-term measure to prevent famine in warring

Sudan, with its biggest challenge: averting the deaths of hundreds of thousands of people in three drought-hit southern provinces.

But the very fact that the operation is still firmly on the scene is prompting questions. More so, since in the period of Operation Lifeline's existence, the threat of starvation in Sudan has become more acute. That has led some to ask whether the operation has become, at best, a pawn in the conflict and, at worst, an integral part of the war between the Islamic administration in Khartoum and the Sudan People's Liberation Army.

That is what members of the 32 UN and other aid agencies that make up the operation are beginning to ask of what they once regarded as a model outfit.

Their concerns, which may explain why Lifeline has in recent years struggled to raise sufficient funding, are prompted by evidence that food is becoming an ever more important element in Sudan's 15-year conflict.

"Both the SPLA and the government have always played the game of trying to get the population into areas they hold to win control of food supply," says Peter Verney, an expert on Sudan. "The government tries to pull people into the garrison towns and the rebels try to pull them into the countryside."

That syndrome exposes the weakness of Operation Lifeline's claim that it only feeds civilians, and underpins its best hope that its political neutrality is a necessary price for ready access. "In

every relief situation you're feeding the war and keeping it going," shrugs an aid worker. "Probably more than half the food we distribute goes to the SPLA. The rebels go from family to family demanding it."

Appropriation can be more direct still. One official says of Kerubino Bol, a warlord who terrorised Bahr el Ghazal province before rejoining the SPLA: "Kerubino would always wait until there had been a major [food] distribution and then launch a raid. It was as predictable as clockwork."

If aid cannot be seized, stopping it getting through is just as effective. Conditions in Bahr el Ghazal, where an estimated 350,000 people are at risk of starvation, would never have become so acute if the gov-

ernment in Khartoum had not banned or restricted flights to airstrips in the area. Now, anxious for a hull in which to recover from a string of defeats, the government has cynically cited the plight of these civilians to justify its call for a ceasefire.

Operation Lifeline, which took a more confrontational approach in its early years, is now accused by critics of sheer wimpiness. It comes under particular fire for submitting to the monthly vetting process when the government stipulates which airstrip can be used. "The donors have become more acquiescent and the government more aggressive," says Alex de Waal of African Rights, the independent, UK-based human rights group. "The business of monthly permits is outrageous. Even

more outrageous is that the government won't allow flights at all to the Nuba mountains, where conditions are just as bad as in Bahr el Ghazal."

But members of the organisation say they have no power to challenge Khartoum's authority. Doing so would only put their aid workers at risk of being shot down by government jets.

"The sovereignty issue is intractable," says a UK relief expert. "There's no way the UN Security Council is going to take on a sovereign state on the [operation's] behalf."

Causing and exploiting hunger is not a tactic exclusive to the government. The SPLA has repeatedly stopped food getting to areas controlled by Riek Machar, a faction leader who split from John Garang, the SPLA's



Food aid often feeds soldiers

restrictions. Rather, it is that, by feeding the hungry with often remarkable efficiency, it allows combatants to shrug off their most basic requirement: to ensure the survival of its supporters. Peace deals can be postponed and painful compromises skirted in the knowledge that full-scale disaster is not in the offing.

The dilemma is acknowledged by Ted Chaaban, deputy chief of operations at Unicef, Operation Lifeline's lead agency. "Walking away means abandoning hundreds of thousands of civilians who are at the very bottom of the pile."

But staying could be worse still. "I was in Chechnya and I felt that that people were deliberately prolonging the war," says an aid worker in Lokichokio. "I get the same feeling here. The Kenyan hosts, the SPLA, Khartoum, even the aid workers themselves - there are too many vested interests at play not to spin this thing out."

COMMODITIES & AGRICULTURE

Cocoa rally
fizzles out
on Liffe

WEEK IN THE MARKETS

By Gary Mead

The recent rally in cocoa futures on the London International Financial Futures and Options Exchange appeared to fizzle out yesterday; trading volume was lower than some days this week, at just 1,142 lots, and the July contract closed \$3 down at \$1,131 a tonne, having peaked at \$1,140 during the day.

Having put on \$54 since Tuesday, the concerns over Ivory Coast's production appear to have been fully absorbed by the market, according to one analyst. Ivory Coast published figures yesterday for the cocoa bean exports in the first six months of the 1997-98 season, which runs between October-September, showing a cumulative total of 784,561 tonnes, against 787,337 tonnes for the same period in 1996-97.

Trading in coffee futures on Liffe was again moribund; just 3,044 lots changed hands, but the July contract finished \$21 higher at \$1.846 a tonne.

Crude oil prices shifted marginally higher yesterday but Mexico's firm denial of further production cuts damped expectations. "Mexico is not going to make any further cuts," said Luis Teller, oil minister. On the International Petroleum Exchange the June contract for Brent blend was 29 cents higher, at \$14.76 a barrel, but traders said that large global stocks make it difficult to see the price nudging above \$15.

WEEKLY PRICE CHANGES

	Latest price	Change on week	Year ago	1988
Gold per troy oz.	\$398.85	-6.10	\$345.90	\$279.80
Silver per troy oz.	\$37.00	-2.25	\$30.00	\$41.80
Aluminium 99.7% (cash)	\$1,577.5	-36.5	\$1,564	\$1,577.5
Copper Grade A (cash)	\$1,774.5	-72.0	\$2,440	\$1,680.0
Lead (cash)	\$54.0	-0	\$61.05	\$58.5
Zinc (cash)	\$523.0	-7.5	\$775	\$587.5
Nickel (cash)	\$1,089.0	-41.5	\$1,114	\$1,145.5
Steel (cash)	\$50.0	-0.5	\$50.0	\$50.0
Cocoa Futures May	\$1,108	+7	\$1,011	\$1,011
Coffee Futures May	\$1.846	+0.021	\$1.825	\$1.810
Barley Futures May	\$2.00	+0.01	\$2.00	\$2.00
Wheat Futures May	\$2.00	+0.01	\$2.00	\$2.00
Cotton Futures May	\$0.62	+0.01	\$0.62	\$0.62
Oil (Brent Blend)	\$14.76	+0.01	\$14.76	\$14.76

WORLD BOND PRICES

Low jobless rate hits Treasuries

GOVERNMENT BONDS

By John Labate in New York and Jeremy Grant in London

Stronger than expected US payroll data, showing the jobless rate at its lowest since 1970, initially widened government bond markets yesterday but they recovered their composure after investors concluded the figures did not point to tighter interest rates.

BENCHMARK GOVERNMENT BONDS

May 8	Rate	Price	Yield	10yr	30yr
Australia	04:00	7.001	103.6176	4.98	-0.01
	10:00	7.000	103.8236	5.67	-0.03
Belgium	09:00	7.000	103.0696	4.11	-0.06
	15:00	6.925	104.0176	5.67	-0.01
Denmark	02:00	6.750	99.6504	4.23	-0.05
	02:07	6.750	100.2800	5.97	-0.02
Canada	09:59	6.250	96.4800	5.15	-0.10
	06:07	6.250	113.1000	5.38	-0.05
Denmark	02:00	12.000	101.5700	4.85	-0.02
	02:07	12.000	101.5700	5.32	-0.01
Finland	01:00	11.250	94.3004	3.04	-0.13
	04:06	11.250	114.4280	10.00	-0.12
France	01:00	6.000	99.7652	4.12	-0.03
	10:04	6.000	110.5700	4.73	-0.04
	10:07	5.940	103.6700	5.00	-0.01
	10:05	6.000	109.0000	5.06	-0.01
Germany	09:59	4.000	100.6300	3.97	-0.02
	11:04	4.000	114.7600	4.79	-0.04
	11:07	3.960	107.3300	4.99	-0.08
	02:02	6.500	113.8900	5.54	-0.02
Ireland	04:59	6.250	101.8500	4.28	-0.04
	06:08	6.000	110.5700	5.18	-0.08
Italy	05:00	6.000	102.7500	4.55	-0.03
	09:02	6.250	105.3900	4.75	-0.04
	09:07	6.750	111.5900	5.15	-0.02
	11:20	7.250	122.4200	10.00	-0.15
Japan	03:30	6.000	111.8940	8.40	-0.14
	12:02	4.800	117.4800	8.91	-0.04
	09:05	3.000	111.2200	1.99	-0.11
	09:17	3.000	111.8940	2.24	-0.11
Netherlands	01:00	7.500	104.8100	4.11	-0.09
	01:05	7.500	106.3200	4.90	-0.13
New Zealand	04:00	6.500	98.1058	7.67	-0.01
	11:06	6.500	107.6500	7.88	-0.01
Norway	01:59	9.000	103.1076	5.46	-0.03
	01:07	6.750	108.8100	5.44	-0.04
Portugal	03:59	8.500	103.5478	4.11	-0.02
	02:07	8.625	110.4700	5.18	-0.08
Spain	07:59	7.400	101.7500	4.15	-0.05
	03:07	7.350	115.7000	5.10	-0.01
Sweden	01:59	11.000	94.1080	4.09	-0.08
	01:00	11.000	105.7210	6.25	-0.03
Switzerland	03:59	5.000	105.5520	5.00	-0.01
	06:07	5.000	111.2600	5.00	-0.12
UK	09:59	6.000	99.2422	6.03	-0.10
	11:04	6.750	104.3700	5.23	-0.01
	12:07	7.250	110.0213	5.98	-0.12
	08:21	8.000	107.6800	6.79	-0.10
US	01:59	9.625	100.2760	5.59	-0.03
	02:05	11.000	104.7810	6.01	-0.01
	09:27	8.125	102.6840	5.75	-0.02
	08:27	8.375	105.4700	5.97	-0.02
ECU	01:00	4.000	99.6500	5.21	-0.09
	04:00	3.500	103.1000	6.26	-0.01

CURRENCIES & MONEY

Sterling falls

MARKETS REPORT

By Simon Kuper

If the pound falls for much longer the UK government will soon be worrying about a weak currency instead of a strong one.

Yesterday sterling dropped against the dollar as well as against the D-Mark, even though there was no political or economic news to move it. In late US trading it stood at \$1.6378 and DM2.9000, 0.8 cents and 0.3 pence below Thursday's London close.

The pound has fallen 21 pence against the D-Mark in 40 days, even though the slowdown in the UK economy has become only slightly more obvious in that time. Yet Carl Weinberg, chief economist at High Frequency Economics in New York, argues that the pound's slide is justified. Sterling rose too far in the first place, he said.

"At DM3.10 sterling had

gone too far, and some correction was inevitable. Most people believe it is more fairly priced around current levels," Mr Weinberg said.

The main event in the market yesterday was US non-farm payrolls data for April, which showed the unemployment rate dropping from 4.7 per cent to 4.3 per cent, the lowest level in more than 28 years.

That initially seemed to heighten prospects of a US interest rate rise on May 19.

POUND IN NEW YORK

May 8
1m 1.6380
3m 1.6385
1y 1.6385

when the Federal Reserve's open market committee met. Yet the stock market viewed the payrolls report with remarkable calm. It took comfort from the fall in the average work week, which implied that the economy might not be overheating, while average earnings

data rose 0.3 per cent on the month, as expected. In late trading the Dow Jones Industrial Average was up more than 1 per cent.

The strong US asset markets and the prospect of higher yields helped the dollar, as traders took profits on the currency's fall of the last few days. Late yesterday the dollar had rallied 0.7 cents against the D-Mark to DM1.771. Previously it had been approaching its low for the year of DM1.76, hit during the Monica Lewinsky affair.

But Avinash Persaud, global head of currency research at J.P. Morgan, said that if the Fed did raise rates, the asset markets would probably suffer enough to hurt the dollar too. He also said that the growing US current account deficit, which the market has ignored for months, typically starts to damage the currency when the economy slows down.

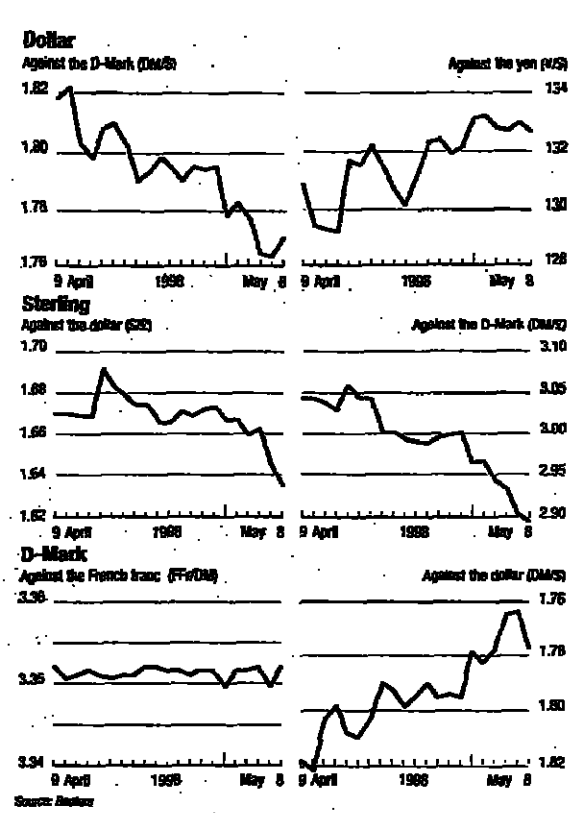
There were fresh signs yesterday that the US might be moderating its support for a strong dollar against

the yen. The US Treasury said that Robert Rubin, treasury secretary, and Hikaru Matsunaga, Japanese finance minister, had expressed their concern about excessive weakness in the yen.

The market is waiting to hear more from next week's Group of Eight industrialised nations' summit in Birmingham. There is talk that the US government will join Japan in calling for a slightly stronger yen.

Paul Chertkow, the new global head of currency research at Bank Tokyo-Mitsubishi in London, said that Japan might cut its discount rate by 25 basis points to 0.5 per cent. Such a cut would have almost no economic impact, he said, but it would express Japan's desire to do something to boost its flagging economy.

The dollar was down 0.25 against the yen to ¥132.75. The US currency has tended to drop back whenever it hits ¥133, because investors think the Bank of Japan will intervene in the market above that level.



DOLLAR SPOT FORWARD AGAINST THE DOLLAR

May 8	Change	1m	3m	6m	1y	2y	3y	JP Morgan
Germany	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
France	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Italy	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Spain	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
UK	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Japan	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Switzerland	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Sweden	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Norway	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Denmark	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Belgium	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Netherlands	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Australia	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
New Zealand	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
South Africa	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
India	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
China	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
South Korea	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Thailand	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Malaysia	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Singapore	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Philippines	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Indonesia	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Brunei	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Myanmar	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Vietnam	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Laos	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Cambodia	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Timor	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
East Timor	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
West Bank	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Gaza Strip	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Jerusalem	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Hebron	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Nablus	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Tulkarm	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Ramallah	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Bethlehem	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Jericho	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Qalqilya	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Nazareth	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Tulkarm	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Ramallah	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Bethlehem	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Jericho	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Qalqilya	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Nazareth	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Tulkarm	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Ramallah	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Bethlehem	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Jericho	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Qalqilya	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Nazareth	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Tulkarm	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Ramallah	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Bethlehem	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Jericho	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Qalqilya	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Nazareth	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Tulkarm	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Ramallah	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Bethlehem	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Jericho	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Qalqilya	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Nazareth	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Tulkarm	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Ramallah	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Bethlehem	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Jericho	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Qalqilya	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Nazareth	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Tulkarm	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Ramallah	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Bethlehem	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Jericho	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Qalqilya	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Nazareth	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Tulkarm	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Ramallah	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Bethlehem	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Jericho	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Qalqilya	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Nazareth	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Tulkarm	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Ramallah	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Bethlehem	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Jericho	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Qalqilya	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Nazareth	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Tulkarm	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Ramallah	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Bethlehem	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Jericho	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Qalqilya	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Nazareth	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Tulkarm	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Ramallah	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Bethlehem	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Jericho	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Qalqilya	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Nazareth	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Tulkarm	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392
Ramallah	(0.0001)	1.6378	1.6380	1.6382	1.6385	1.6388	1.6390	1.6392</

UNIT TRUSTS

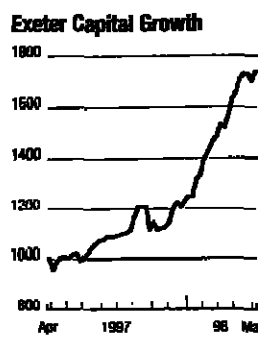
WINNERS AND LOSERS

TOP FIVE OVER 1 YEAR

Exeter Capital Growth	1,738
Baring German Growth	1,540
Royal London European Growth	1,528
CF Stoddley	1,575
Invesco European Growth	1,557

BOTTOM FIVE OVER 1 YEAR

Schroder Seoul	417
HSBC Singapore & Malaysian Gth	418
Save & Prosper Korea	437
Fidelity ASEAN	437
Save & Prosper Gold & Exp	457

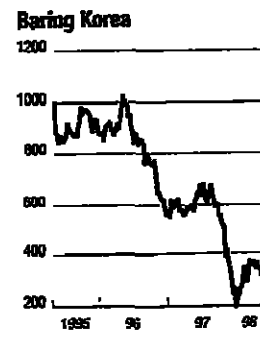


TOP FIVE OVER 3 YEARS

Invesco European Growth	2,833
NorthWest UK Smaller Cos	2,815
GA North America Growth	2,801
Invesco European Small Cos	2,578
Johnson Fry Slater Growth	2,552

BOTTOM FIVE OVER 3 YEARS

Old Mutual Thailand Acc	244
Save & Prosper Korea	262
Schroder Seoul	276
Baring Korea	322
Schroder Japan Small Cos Acc	400

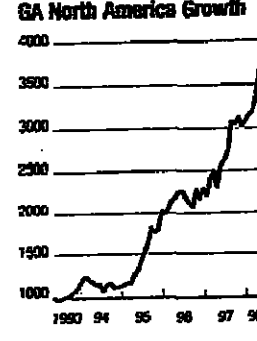


TOP FIVE OVER 5 YEARS

Invesco European Growth	3,863
Garmore European Sel Opps	3,725
GA North America Growth	3,656
Jupiter European	3,650
Threadneedle Euro Sel Gl Acc R	3,594

BOTTOM FIVE OVER 5 YEARS

Save & Prosper Korea	252
Henderson Japan Smaller Cos	428
Schroder Japan Small Cos Acc	431
Baring Japan Smaller Cos	446
Fidelity Japan Smaller Cos	447

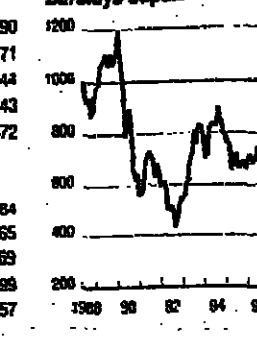


TOP FIVE OVER 10 YEARS

F&C US Small Companies	10,580
Hill Samuel US Smaller Cos	8,471
GA North America Growth	8,344
Franklin Health	7,643
Franklin Financial	7,572

BOTTOM FIVE OVER 10 YEARS

Barrat's Japan Inc	384
M&G Japan Acc	465
Baring Japan Smaller Cos	489
Henderson Japan Smaller Cos	489
Invesco Japan Growth	557



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warnings: past performance is not a guide to future performance.

Indices

Index	1 year (%)	3	5	10	Volatility	Yield (%)
Average Unit Trust	1122	1485	1815	2188	3.5	2.3
Average Investment Trust	1270	1619	2201	2821	4.9	4.3
Bank	1042	1118	1203	1704	0.0	5.7
Building Society	1040	1113	1203	1707	0.0	5.4
Stockmarket: FTSE All-Share	1337	1945	2402	4262	2.7	2.8
Inflation	1137	1383	1886	2521	1.0	-

UK Growth

Trust	1 year (%)	3	5	10	Volatility	Yield (%)
Johnson Fry Slater Growth	1202	2552	2834	3009	2.9	0.7
OM Hartley Growth	1308	2333	2642	2786	3.0	0.4
Exeter Capital Growth	1738	2272	3309	-	4.4	-
Standard Life UK Eq Growth Acc	1294	2187	2531	4897	2.8	0.7
River & Mercantile 1st Growth	1318	2121	2713	-	2.9	0.2
SECTOR AVERAGE	1231	1780	2118	3139	2.8	1.4

UK Growth & Income

Trust	1 year (%)	3	5	10	Volatility	Yield (%)
Fleming Select UK Income	1384	2082	2545	3507	2.7	2.5
HSBC Portfolio Fund	1335	1946	2240	-	3.1	1.7
Laurence Keen Income & Growth	1294	1945	2284	-	2.7	2.9
Fidelity Moneybuilder Growth	1286	1923	-	-	2.7	2.1
Britannia UK General Inc	1280	1885	2156	2961	2.8	2.4
SECTOR AVERAGE	1294	1740	2082	3257	2.8	2.1

UK Smaller Companies

Trust	1 year (%)	3	5	10	Volatility	Yield (%)
NorthWest UK Smaller Cos	1228	2615	-	-	3.4	1.0
Garmore UK Smaller Companies	1220	2306	2937	3191	3.3	1.0
Laurence Keen Smaller Cos	1240	2282	-	-	3.1	1.2
Schroder Smaller Companies Inc	1214	2102	2486	3100	3.0	0.8
Smith & Williamson Small Cos	1211	2086	2485	3960	3.4	-
SECTOR AVERAGE	1136	1835	1976	2514	3.1	1.4

UK Equity Income

Trust	1 year (%)	3	5	10	Volatility	Yield (%)
Jupiter Income	1231	2121	3035	5082	2.3	3.7
BMD UK Equity Income	1280	1922	2563	3407	2.5	3.4
Newtown Higher Income	1332	1912	2209	3760	2.8	3.9
Fidelity Income Plus	1311	1882	2041	2745	2.8	3.4
Lazard UK Income	1209	1890	2387	4041	2.6	3.9
SECTOR AVERAGE	1253	1707	2063	3199	2.6	3.6

UK Equity & Bond Income

Trust	1 year (%)	3	5	10	Volatility	Yield (%)
HSBC High Income	1256	1758	-	-	2.1	5.1
Aberdeen Profit & Interest	1258	1747	2069	3033	2.5	3.8
Edinburgh High Distribution	1264	1696	2057	2456	2.4	3.2
CIS UK Income	1278	1693	1982	-	2.5	3.2
Midland High Yield	1279	1681	1955	2635	2.2	4.8
SECTOR AVERAGE	1193	1548	1827	2671	2.1	4.7

UK Eq & Bd

Trust	1 year (%)	3	5	10	Volatility	Yield (%)
BMD Balanced Portfolio	1239	2012	2705	-	3.2	1.0
Paripatual High Income	1256	1822	2286	5122	2.6	3.4
Canille Income Dis	1257	1760	2052	2976	2.4	2.7
Credit Suisse Monthly Inc Port	1254	1750	2272	-	2.5	3.2
NPI UK Extra Income Inc	1244	1727	2141	-	2.3	2.0
SECTOR AVERAGE	1231	1879	2127	3376	2.4	2.8

UK Fixed Interest

Trust	1 year (%)	3	5	10	Volatility	Yield (%)
Aberdeen Profit & Interest	1181	1641	1880	2639	1.4	7.4
CU PPT Monthly Income Plus	1221	1545	1737	-	1.8	6.9
CU PPT Preference Inc	1232	1517	1636	2228	2.1	6.3
Edinburgh Convertible	1173	1512	1485	1863	2.3	4.7
Edinburgh Preferred High Inc	1187	1491	1648	2029	1.5	6.1
SECTOR AVERAGE	1128	1375	1521	2059	1.6	6.0

UK Gilt

Trust	1 year (%)	3	5	10	Volatility	Yield (%)
Baring Exempt Fixed Interest	1233	1484	-	-	2.8	5.8
M&G Gilt & Fixed Interest	1128	1388	1566	2132	1.8	5.4
Mercury Long-Dated Bond	1179	1384	-	-	2.2	4.2
Garmore PS Fixed Interest	1138	1382	1481	-	1.7	6.1
Murray Gilt	1138	1348	1488	2295	1.5	6.0
SECTOR AVERAGE	1105	1260	1365	2037	1.4	5.4

Far East ex Japan

Trust	1 year (%)	3	5	10	Volatility	Yield (%)
HSBC Hong Kong Growth	671	1454	1768	5578	9.1	1.8
INVESTCO Hong Kong & China	683	1283	1343	4988	9.2	0.8
Friends Prov Australian	900	1263	1819	3676	4.2	-
Henry Cooke US East Enterprise	740	1046	-	-	8.8	1.4
Old Mutual Hong Kong	623	1013	1168	4088	9.2	1.3
SECTOR AVERAGE	696	707	897	2779	7.9	1.3

Far East Inc Japan

Trust	1 year (%)	3	5	10	Volatility	Yield (%)
AIG Growth Greater China	682	1016	1271	2472	8.3	-
Save & Prosper Far East Sm Cos	780	850	-	-	5.1	0.3
GA Income Portfolio	734	844	1176	-	5.8	0.2
Dresdner RCM Oriental Inc Inc	720	843	916	1773	5.3	3.4
Smith & Williamson Far East	789	823	865	-	5.0	-
SECTOR AVERAGE	672	726	887	1554	5.6	0.8

Japan

Trust	1 year (%)	3	5	10	Volatility	Yield (%)
GT Japan Growth	835	951	1014	1177	3.4	0.0
Murray Japan Growth	673	834	942	-	4.9	-
Martin Currie Japan	810	831	888	-	5.4	-
Baillie Gifford Japanese	855	825	816	1053	5.4	-
Newton Japan	828	793	823	969	5.4	-
SECTOR AVERAGE	734	606	621	782	5.8	0.3

Europe

Trust	1 year (%)	3	5	10	Volatility	Yield (%)
INVESTCO European Growth	1857	2633	3863	6744	4.7	-
INVESTCO European Small Cos	1512	2578	3546	6884	4.3	-
Threadneedle Euro Sel Gl Acc R	1465	2548	3394	5684	4.5	-
Jupiter European	1328	2481	3890	6984	3.6	0.4
Baring European Select	1290	2421	3565	4997	3.8	0.5
SECTOR AVERAGE	1370	1928	2829	5025	3.8	0.5

Nth America

Trust	1 year (%)	3	5	10	Volatility	Yield (%)
GA North America Growth	1355	2801	3656	6344	4.4	-
Dresdner RCM America Sm Co	1344	2363	2942	4420	4.8	-
Henderson American Small Cos	1364	2305	2848	6828	6.3	-
Royal & Sunall Nth America	1347	2277	3215	6730	4.0	0.3
Hill Samuel US Smaller Co's	1276	2265	3161	6471	5.3	-
SECTOR AVERAGE	1257	1908	2283	4980	4.4	0.5

International Equity Income

Trust	1 year (%)	3	5	10	Volatility	Yield (%)
GT International Income Inc	1245	1707	1955	3382	2.7	1.8
Martin Currie Int'l Income	1183	1641	1945	-	2.7	3.8
Mayflower Global Income	1282	1572	1996	3114	2.4	2.2
M&G International Income	1286	1558	1835	3653	2.7	3.8
Premier Global 100	1111	1468	1711	1988	3.2	0.6
SECTOR AVERAGE	1189	1552	1836	3075	2.8	2.3

International Fixed Interest

Trust	1 year (%)	3	5	10	Volatility	Yield (%)
Baring Global Bond	1047	1302	1423	-	1.5	5.1
AES Int Bond & Convertible	1072	1258	1326	-	1.2	5.4
Newtown International Bond	1060	1248	1309	-	2.0	4.6
City Financial Backman Int'l	1139	1245	1228	2058	2.8	5.8
Bardays BGI Int'l Fix Int'l Inc	1022	1213	1274	-	1.0	4.6
SECTOR AVERAGE	1014	1082	1159	1838	1.7	5.0

International Equity & Bond

Trust	1 year (%)	3	5	10	Volatility	Yield (%)
Fleming General Opportunities	1282	1697	1886	-	2.1	2.9
Bank of Ireland Ex Mgt Growth	1143	1584	1927	-	2.5	2.1
GA Income Portfolio	1188	1557	1797	-	3.0	2.3
Maris & Spencer Int'l Port Acc	1201	1543	1828	-	2.3	1.8
Canille Portfolio (MUTM)	1168	1526	-	-	2.5	1.1
SECTOR AVERAGE	1142	1410	1646	2723	2.2	2.4

International Growth

Trust	1 year (%)	3	5	10	Volatility	Yield (%)
Franklin Financial	1445	2357	2840	7372	3.4	0.4
Save & Prosper Financial Secs	1286	2333	3054	5321	3.4	0.7
Franklin Growth	1148	2164	2852	7643	7.1	-
Hill Samuel Financial	1313	2082	2531	4581	3.7	1.2
Newton International	1320	2003	2521	3571	3.9	1.1
SECTOR AVERAGE	1144	1487	1824	3247	3.7	0.9

Best Peps

Trust	1 year (%)	3	5	10	Volatility	Yield (%)
INVESTCO European Growth	1857	2633	3863	6744	4.7	-
NorthWest UK Smaller Cos	1228	2615	-	-	3.4	1.0
INVESTCO European Small Cos	1512	2578	3546	6884	4.3	-
Johnson Fry Slater Growth	1202	2552	2834	3009	2.9	0.7
Threadneedle Euro Sel Gl Acc R	1465	2548	3394	5684	4.5	-
AVERAGE UT PEP	1231	1879	2127	3376	2.4	2.8

Global Emerg

Trust	1 year (%)	3	5	10	Volatility	Yield (%)
ing Mercury Emerging Markets	830	1559	-	-	5.8	0.2
Stewart Levy Emerging Market	832	1185	1915	-	5.8	0.8
Garmore PS Emerging Markets	999	1115	1156	-	5.5	0.7
Save & Prosper Emerging Mkts	914	1080	-	-	6.4	0.4
Rothschild FAP Emerging Mkts	868	1016	-	-	5.3	-
SECTOR AVERAGE	840	995	1218	2519	5.8	0.9

Property

Trust	1 year (%)	3	5	10	Volatility	Yield (%)
Aberdeen Profit Property Str	1198	1750	2188	-	2.8	0.9
Norwich Property	1108	1303	1643	-	1.8	4.8
Always Residential Property	1070	1239	-	-	0.8	5.5
Bardays Property	1028	1195	1412	-	0.8	5.8
SECTOR AVERAGE	1101	1369	1741	-	1.4	4.2

■ Commodity & Energy					
5.1	M&G Australasian Acc	847	1277	1618	2297
5.4	Save & Prosper Commodity	783	929	1191	1973
5.6	M&G Commodity	688	875	1236	1736
5.8	Hill Samuel Natural Resources	776	858	1073	1558
5.9	TSB Natural Resources	738	837	1203	2453
6.0	SECTOR AVERAGE	707	817	1148	1837

MANAGEMENT SERVICES

Money Market Trust Funds

Money Market Bank Accounts

 ■ ET Station Hot Tips Series are available over the telephone. Call the ET Station Help Desk on 1-888-878-8778 for more details.

Offshore Funds and Insurances

* FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on 1-44 1771 873 4378 for more details.

FT MANAGED FUNDS SERVICE[illegible]

■ ET Station 1401 Tour Bikes are available over the telephone. Call the ET Station Main Desk at (1-88 128) 823 4328 for more details.

[illegible]

★

INVESTMENT TRUSTS - Continued[illegible][illegible]

Marathon & Lumber Co.	4	77	0	0
Marathon	1	77	0	0
Marathon Long Term	4	87	0	0
Marathon	1	87	0	0
Marathon Ltd.	3	135	0	0
Marathon	1	22	0	0
Marathon Inc.	246	557	0	0
Marathon	1	567	0	0
Marathon Inc.	1	484	-44	0
Marathon	1	487	0	0
Marathon Service Co.	37	428	0	0
Marathon	1	622	0	0
Marathon Petroleum	4	283	0	0
Marathon Petroleum	1	285	0	0

Village		\$817	+1
New Zealand	-4%	1,361	-1%
Hawkerhill V	-2	25	
Rub Atomic S&P Co	0	509	
U.S. Int'l 201.1	-	508	
Northern Ind.	-	495	
Old Mutual SA	-4	143	+1
Warrants	-	48	+4
Pacific Assets	44	12	
Serv 2 Warrants	-	3	
Pacific Horizon	0	281	
Warrants	-	31	
Panther Ind.	-43	294	+1

Company	Price	Change	Volume
Perpetual European	124 1/2	+1/2	10
Perpetual Inc & Lend	14 1/2	+1/2	10
Warrants	3 1/2	-	10
Perpetual Japan	30 1/2	+1/2	10
Warrants	3 1/2	-	10
Perpetual U.S. Stock	20 1/2	+1/2	10
Perpetual Assets	12 1/2	+1/2	10
Private Income	14 1/2	+1/2	10
Warrants	3 1/2	-	10
Prudential Inst	12 1/2	+1/2	10
Warrants	3 1/2	-	10
Putnam Inst	12 1/2	+1/2	10
Warrants	3 1/2	-	10
Putnam Inst	12 1/2	+1/2	10
Warrants	3 1/2	-	10
Putnam Inst	12 1/2	+1/2	10
Warrants	3 1/2	-	10

21:00	Ch Lo 2000	1200	+0.2	1.31
Radio City	110			
Radioactive Artyo Lb	901			20
Remonaco US Gals	100	+2		14
Flower & Molar: First LR	120			
St Antonio	370	+1		
Schneider Asia Pacific	404	+6		
Warrant	121			
Schneider Eng Countries	87			
Warrant	23	+2		
Schneider the Green	100			10
Warrant	50			
Schneider Japan Gals	524	-6		
Warrant	11			

Midwest	174	-1%	17
Northwest	75	-1%	17
South Atlantic	182	-	16
South Central	227 1/2	+1%	16
South Eastern	136 1/2	+1%	16
South West	379	+1%	32
West	392	+4%	16
West Coast	52 1/2	-	16
Worldwide	13 1/2	-	16
South Value	136 1/2	+1%	16
Southwest Value	182 1/2	+1%	16
Worldwide	34	+1%	3
South Atlantic	205 1/2	+2 1/2%	205 1/2
South Central	28	-	28

[illegible]

	Warrants	Templo Bar	Templo Etno	Warriors 2004	Templo Last Am	Warriors	Prompage Club	Temperance Vol.	TR Eco Growers	Warriors	TH Prep	Warriors
	\$4	\$4			\$4			\$4	\$4	\$4	\$4	
	367	879	718	282	99	78	629	87	288	87	48	9
	-	+/-	-	-	+1	-	-	-	-	-	-	-
	3	3	12	3	10				28	9	4	

Warranty Trust	1991	1992	1993
Warrants	1991	1992	1993
US Smelter Cos.	1991	1992	1993
Warrants	1991	1992	1993
Unleveraged Assets	1991	1992	1993
Upstream Int Co	1991	1992	1993
Value & Income	1991	1992	1993
Value Realizations Test	1991	1992	1993
Warrants & Values	1991	1992	1993
Weight Ind	1991	1992	1993
Weymouth Prop	1991	1992	1993
Warrants	1991	1992	1993
Wilton	1991	1992	1993

INV TRUSTS SPLIT CAPITAL

	Notes	Price	+ or -	Imp
Approved by the Federal Reserve				
Abnott Pfd Zens De Pl	228	+1/2	228	
Abnott Pfd Zens De Pl	228	+1/2	228	

Cash	300	300
Units	5700	5700
Archimedes Inc.	100	100
Can	250	250
Financial Management Inc.	200	200
Warrants	100	100
Zero Div Pref	100	100
City of Oxford	40	40
Warrants	40	40
Zero Div PT	144	144
Debt Income	75	77
Capital	57	57
Darby Inc.	100	100

[illegible]

Zero Un Prt	000	111
Timing Int & Sub Income	111	111
Capital	330	330
Warrants	99	99
Stapd Prst	177	177
Feasibility Workbooks	88	88
Zero Un Prst	55	55
Unst	141	141
or Cal SURT Sp Inc	711	711
Unst	116	116
Unst	187	187
S	144	144
Warrants	55	55
Unst	55	55

Cap	280.5		
Zoro Div PT	137.1	1-2	137.1
Paycom Systems & Cap Inc. 4	83.4		83.4
Capital	154.7	1-2	154.7
Frontier Power Electrical 4	68		73.3
Unit	217.1		
Zoro Div PT	146	1-2	146
Parkman Inc.	181.5		222.5
Cap	85		
Zoro Div PT	183		183
Engineering Bldg Inc. 34	181.5	1-2	181.5
Zoro Div Prof	168	1-2	168
Unit	330		332
Parkman Syst Inc. 37	441.5		

Zero Div Pft	283 1/2	283 1/2	283 1/2
Units	283 1/2	283 1/2	283 1/2
Storied Shared Ex	157 1/2	157 1/2	157 1/2
Senior Zero Pft	157 1/2	157 1/2	157 1/2
Junior Zero Pft	157 1/2	157 1/2	157 1/2
Senior Income Pft	77 1/2	77 1/2	77 1/2
Senior Income Inc	77 1/2	77 1/2	77 1/2
Senior Profit Excl Inc	157 1/2	157 1/2	157 1/2
Warrants	77 1/2	77 1/2	77 1/2
Zero Div Pft	122 1/2	122 1/2	122 1/2
Senior American Inc	122 1/2	122 1/2	122 1/2
Capital	77 1/2	77 1/2	77 1/2
Warrants	77 1/2	77 1/2	77 1/2

Yarn	288	288
Zero Pct	52	52
Continental Cement Inc A.C.	16224	16242
Zero Pct	14812	151
& S Commerce	1537	1377
Zero Pct	158	15
WISCONSIN Recovery	1481	158
Pld Growth	168	168
Robinson Fry Euro	1981	204
Zero Pct	1481	18
Robinson Fry Ute	1181	1181
Robinson	1681	1681
Zero Pct	1681	1681

Income	731	1	731
Zoro Div Prod	169	2	169
Pre Income	791	1	791
Capital	384	1	384
Zoro Div Prod	823	1	823
Upper East	1181	1	1181
Warrants	985	1	985
Zoro Div Prod	714	1	714
Upper Extra Inc	1481	1	1481
Warrants	421	1	421
Zoro Div PT	1615	1	1615
Upper General Oil 1989	1032	1	1032
Prod Cap	581	1	581
Upper Div Extra	16	1	16

Uninsured	48	1597
Unins	852	85
Zenro PI	854	713
Zenro Spd Inc	713	1881
Cap	108	672
Unins	672	791
Annually PI	28	135
Zenro Dis PI	135	191
Lawrence High Inc	191	210
Zenro Dis PI	210	187
Uninsured Income Fd	187	102
Zenro Dis PI	102	171
Zenro Spd Inc	171	967
Capital	967	

Dividend	177d		
AG Equity Capital	267	74	381
Income	42d		45
Package Units	128d		12
Zoro Life Prof	41		42
& G High Inc Inc	72d		7
Capital	15		18
Package Units	117d		117
Inc & Earn Units	85d		85
Zoro Capital	38		4
& G Income Inc	22		25
Cap	75		75
Package Units	181		182

[illegible][illegible]

HOUSEHOLD GOODS & TEXT

Income Tax	575	575	
Inc	88	88	
Corp Con Paid	567	567	
Priority Inc & Cash Inc	34	34	
Corp	34	34	
Zero Div P1	222	222	
Priority South Corp	277	277	
Zero Prof	258	258	
Dividends I & C Inc	127	127	
Units	126	126	
Zero Div P1	89	89	
Priority Inc & Cash Inc	111	111	
Capital	330	330	

Spillco Prod	177	178
Pennings Workhds	89	91
Zero Lin Prod	524	525
Univ	141	142
Prod & Cal SURT Sp Inc	713	714
Cordell	116	117
Wells	187	188
S	142	144
Warranda	552	553
Cambridgeport Dual Inc	463	464
Cap	289	290
Zero Lin Pl	127	128
Low Income & Cap Inc	834	835

[illegible]

Sedco Zero Pl	1879				1879
Jumbo Zero Pl	1865				1865
General Income Cnt	771-1/2				78
General Income Inv	851				79
General Flight Edn Int #	150-1/2				150
Vaccines	47				44
Zero Life Pl	1284				1284
American American Inc	1780				1207
Capital	711				711
Vaccines	384-1/2				43
Merchandise Eurobrost #	2284-1/2				228
Units	286				286
Zero Pl	52				52
General Genl Inc A.C.	1624				1624

2 S. Dollars	4.2	137.7	137.7
2 Euro Pts	1.50	150	150
2 ESCB Recovery	140.1	140.1	140.1
2 Pd Grams	169	169	169
2 Indulgences Fry Earn	1981	1981	2004
2 Euro Pts	181.4	181.4	181.4
2 Indulgences Fry Uls	11192	11192	11192
2 Income	88.2	88.2	88.2
2 Euro Pts	769.4	769.4	769.4
2 Euro Hedge Capital	2281.2	2281.2	2281.2
2 Income	731.1	731.1	731.1
2 Euro Pts	198	198	198
2 Euro Income	791.2	791.2	87

Zoro Div Pt	823			843
Walter Corp	1181	2	2	1285
Warraco	716			716
Zoro Div Prod	714			714
Walter Exch Inc	148	2	2	150
Warraco	434			434
Zoro Div Pt	181	2	2	185
Walter Genl. Cal 1989	102			102
Prod Cal	501			501
Walter Int. Corp	58			58
Warraco	48			48
Walter	882			882
Zoro Pt	551	2	2	555
Walter Corp	131			131

	1990	1991	1992
Assets	572.1	672.3	729.2
Accounts Pay	28	70	75
Zero Dis Pfd	126	135	135
Preferred High Inc	191.2	191.2	191.2
Zero Dis Pfd	219.4	219.4	219.4
Unassigned Income Pfd	187	187	187
Zero Dis Pfd	182.4	182.4	182.4
System Sec'd Inv	180.3	177	177
Current	183	183	183
Dividend	171	171	171
Equity Capital	26.2	26.2	26.2
Income	49.2	49.2	49.2

Zoro Life Prod	41	42
& G High Inc Inc	75	75
Capital	150	180
Package Units	117	117
Inc & Earth Units	85	85
Zoro Capital	35	35
& G Income Inc	23	23
Cap	75	75
Package Units	181	181
Shared Units	86	86
Zoro Div Prod	80	80
& G Recovery Inc	28	28
Capital	68	68

General Inv.	300			
Zero Div Pfd.	773	2	1	773
Package Units	190			190
LT Inc.	194	1	1	194
Cop.	42	1	1	42
S Inc.	88	1	1	88
S Cap.	44	1	1	44
Gen Inv. Subst. Co. All	114	1	1	114
Cop.	161			161
Zero Div Pfd.	129	1	1	129
Energy Split Inc.	54	1	1	54
Cop.	381	1	1	381
Zero Div Pfd.	210	1	1	210

LONDON SHARE SERVICE

NEW TRUSTS SPLIT CAPITAL - Continued

Company	Price	Change
...

OTHER INVESTMENT TRUSTS

Company	Price	Change
...

INVESTMENT COMPANIES

Company	Price	Change
...

LEISURE & HOTELS

Company	Price	Change
...

LIFE ASSURANCE

Company	Price	Change
...

MEDIA

Company	Price	Change
...

MEDIA - Continued

Company	Price	Change
...

OIL EXPLORATION & PRODUCTION

Company	Price	Change
...

OIL INTERESTED

Company	Price	Change
...

OTHER FINANCIAL

Company	Price	Change
...

PAPER, PACKAGING & PRINTING

Company	Price	Change
...

PHARMACEUTICALS

Company	Price	Change
...

PHARMACEUTICALS - Continued

Company	Price	Change
...

PROPERTY

Company	Price	Change
...

RETAILERS, GENERAL - Continued

Company	Price	Change
...

RETAILERS, FOOD

Company	Price	Change
...

RETAILERS, GENERAL

Company	Price	Change
...

TOBACCO

Company	Price	Change
...

RETAILERS, GENERAL - Continued

Company	Price	Change
...

SUPPORT SERVICES

Company	Price	Change
...

TELECOMMUNICATIONS

Company	Price	Change
...

TRANSPORT

Company	Price	Change
...

TRANSPORT - Continued

Company	Price	Change
...

WATER

Company	Price	Change
...

TRANSPORT - Continued

Company	Price	Change
...

WATER

Company	Price	Change
...

AM

Company	Price	Change
...

AMERICANS

Company	Price	Change
...

CANADIANS

Company	Price	Change
...

SOUTH AFRICANS

Company	Price	Change
...

AM - Continued

Company	Price	Change
...

AMERICANS

Company	Price	Change
...

CANADIANS

Company	Price	Change
...

SOUTH AFRICANS

Company	Price	Change
...

TRADED INDEX SECURITIES

Index	Price	Change
...

GUIDE TO LONDON SHARE SERVICE

Prices and trading volumes for the London Share Service are delivered by...


Free Annual Reports from the
Financial Times where you
see this symbol.
Tel: +44 181 770 0770

Calm bonds send Dow above 9,000

Bourses push higher after US jobs data

AMERICAS

The bulls came out to buy on Wall Street as a calm bond market helped to take the Dow Jones Industrial Average up more than 100 points by midday, writes John Labate in New York.

In early trading, attention was fixed on the day's announcement that US unemployment fell to 4.3 per cent, its lowest rate since 1970.

Stocks rallied in spite of fears that the Federal Reserve might raise interest rates in the near term. "The unemployment rate came in very low, which you would think would have a negative effect on the stock market. But bonds reacted and then recovered quickly," said Dan Mathison, head stock trader at D.E. Shaw Securities in New York. By early afternoon, the benchmark 30-stock Dow Jones had gained 112.60 points, while the Standard & Poor's 500 index rose 15.85 or 1.45 per cent to 1,110.99.

The market had other news to ponder later in the session, when a \$60m settlement was reported in a Minnesota tobacco lawsuit. RJR Nabisco shares rose \$1.25 to \$39.50, while Philip Morris gained \$1.25 to \$39.50.

GTE, which launched a lawsuit late on Thursday to block the merger of WorldCom and MCI, gained \$1.25 to \$58.75. MCI rose \$1.25 to \$50.75. Technology stocks were mostly higher, taking the Nasdaq composite up 24.27 to

1,899.41. Ascend Communications surged 6.7 per cent or \$2.10 higher to \$45 after Cowen & Co raised the company to a "strong buy". Semiconductor shares also made strong gains, sending the Philadelphia stock exchange's chip index up 5.91 or 1.9 per cent to 315.06.

TORONTO traded solidly higher at midsession after a hesitant start, boosted by news that Canadian and US jobless figures for April did not fall enough to spark more fears of inflation. By midsession, the TSX-300 composite index was 70.89 higher at 7,833.40 in volume of 23.7m shares.

All of Toronto's 14 sub-indices ticked higher with the exception of real estate. The gold and precious metals sector led the pack with a rise of more than 2 per cent, followed by the banking and base metals sectors. MEXICO CITY rallied on the back of the strength on Wall Street after three days of consecutive losses. The IPC index, which had been depressed by previous weakness in Asia and the US, rose 33.35 to 9,045.83.

SAO PAULO bounced back with the Bovespa index up 194 or 1.8 per cent to 11,257. Shares had lost ground earlier in the week on the government's defeat over its pension reform bill in congress. However, expectations that the government would not limit levels of foreign investment when it sells Telebras, helped sentiment. Local reports suggested that the government will come to a decision on May 15.

Wall Street lifts Jo'burg

SOUTH AFRICA

Johannesburg staged a late recovery, helped by early strength on Wall Street, and the overall index finished with a rise of 21.4 to 8,075.5. Golds advanced 25.8 to 1,019.5 as the bullion price remained above the psychologically important \$300 an ounce while financials picked up from earlier losses to close 11.4 higher at 13,536.5.

Liberty Life gained R5 to R164 with the market still confident that it and Standard Bank Investment would forge an alliance, two days after they called off talks. Stanbic lost R1.15 to R28.70.

EUROPE

European markets passed only briefly to assess the day's US jobs data, which put the unemployment rate at a 25-year low.

The bourses then followed the example of a rising Wall Street, which was around 100 points higher by the end of the European day.

FRANKFURT settled 2.1 per cent higher at the end of electronic trade as the market shrugged off losses seen in the immediate aftermath of the US jobs data. The Xetra data index finished 105.72 higher, safely above

Paris and Copenhagen were closed for public holidays the 5,200 level, at 5,270.61.

The motor sector remained at the centre of attention although Daimler-Benz fell away from a high of 1,600.30 on the SMI index before pulling back to close 50.6 better on the day at 1,588.6.

Index heavyweight Nestlé and Roche fell sharply on the US jobs data. Nestlé finished SFR9 lower at SFR2,597, off from the session peak of SFR3,014, while Roche certificates were down SFR5 at SFR15,500, down from the day's high of SFR15,720.

Novartis, by contrast, picked up SFR39 at SFR2,518 and Clariant closed with a rise of SFR6 at SFR1,643.

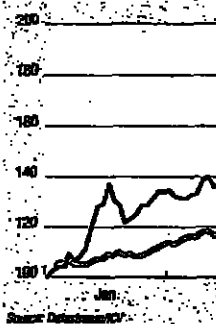
In the financial sector, most issues ended higher, but also off peak levels. UBS was up SFR18 at SFR2,586, while its merger partner was up SFR7 at SFR3,558 and rival CS Group edged 50 centimes higher to SFR3.27.

SMH shot up to a high of SFR1,160 in response to a new report that the company planned a multi-functional digital line of watches, to be followed by one which used satellite signals to keep the time.

The shares subsequently came off the top but still

Bank of Rome

Share price and index (adjusted)



to admit that it had been disheartened by the VW bid.

Mannmann was one of the day's big movers, up DM64.70 to DM1,499.75 although traders said that there was no news to account for the rise.

DURKES turned back from a high of 1,600.30 on the SMI index before pulling back to close 50.6 better on the day at 1,588.6.

Index heavyweight Nestlé and Roche fell sharply on the US jobs data. Nestlé finished SFR9 lower at SFR2,597, off from the session peak of SFR3,014, while Roche certificates were down SFR5 at SFR15,500, down from the day's high of SFR15,720.

Novartis, by contrast, picked up SFR39 at SFR2,518 and Clariant closed with a rise of SFR6 at SFR1,643.

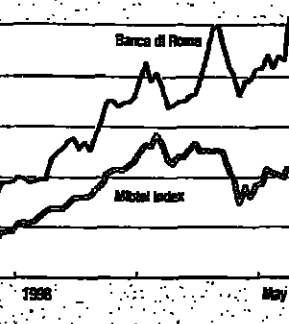
In the financial sector, most issues ended higher, but also off peak levels. UBS was up SFR18 at SFR2,586, while its merger partner was up SFR7 at SFR3,558 and rival CS Group edged 50 centimes higher to SFR3.27.

SMH shot up to a high of SFR1,160 in response to a new report that the company planned a multi-functional digital line of watches, to be followed by one which used satellite signals to keep the time.

The shares subsequently came off the top but still

Novartis

Share price and index (adjusted)



closed SFR66 higher at SFR1,125.

Alusuisse gained SFR33 at SFR1,979 and ABB rose SFR18 to SFR2,450.

Martin Scher's BZ Bank has been rumored to be a buyer of both stocks in recent sessions.

AMSTERDAM was encouraged by the dollar's strength and the rise in US shares, and closed higher after three consecutive days of declines.

The AEX index gained 20.64, or 1.8 per cent, to 1,158.98 with banks, which had sold off recently, regaining ground.

ABN-Amro Holdings rose F12 to F149.90 and ING added F12.30 to F133.50.

Unilever rose F16.30 to F152.70 while NBM Armstelland, a construction group which announced it planned to bid for an unlisted building group Unilab, climbed F13 to F164.

MADRID edged higher in spite of concerns over a possible interest rate rise in the US.

Although shares initially lost ground on lower-than-expected US unemployment data, the general index closed up 1.21 to 853.25 as Wall Street moved ahead.

Telefonica rose Ptas20 or 3.5 per cent to Ptas6,440 fol-

closed SFR66 higher at SFR1,125.

Alusuisse gained SFR33 at SFR1,979 and ABB rose SFR18 to SFR2,450.

Martin Scher's BZ Bank

has been rumored to be a

buyer of both stocks in

recent sessions.

AMSTERDAM was encour-

aged by the dollar's strength

and the rise in US shares,

and closed higher after three

consecutive days of declines.

The AEX index gained

20.64, or 1.8 per cent, to

1,158.98 with banks, which

had sold off recently,

regaining ground.

ABN-Amro Holdings rose

F12 to F149.90 and ING

added F12.30 to F133.50.

Unilever rose F16.30 to

F152.70 while NBM Arm-

stelland, a construction

group which announced it

planned to bid for an

unlisted building group

Unilab, climbed F13 to F164.

MADRID edged higher in

spite of concerns over a

possible interest rate rise in

the US.

Although shares initially

lost ground on lower-than-

expected US unemployment

data, the general index

closed up 1.21 to 853.25 as

Wall Street moved ahead.

Telefonica rose Ptas20 or

3.5 per cent to Ptas6,440 fol-

lowing its well-received

\$2.7bn rights issue. Tele-

pizza, the fast food company,

advanced Ptas150, or 9 per

cent, to Ptas6,800.

MILAN was lifted by a

rally in bank stocks. Hopes

of mergers in the financial

industry led the underlying

market, and the Mibtel index

rose 498, or 2.1 per cent, to

34,015.

Banca di Roma gained

L290, or 8.6 per cent, to

1,350 while Banca di

Commercio fell L741, or 8

per cent, to L10,022.

First which rallied following

the Daimler-Benz/

Chrysler merger announce-

ment, fell L100, or 1.3

per cent, to L7,924.

ATHENS suffered from

further selling in the bank-

ing sector, but construction

rebounded 7.6 per cent from

recent weakness and indus-

trial shares closed only moder-

ately lower.

The general index lost

59.62 or 2.4 per cent to

2,416.94, extending its loss on

the week to 6.5 per cent.

ISTANBUL staged a 2.9 per

cent fall over the previous

three sessions.

The IMKB National 100

index rose 116.55 to 4,210.03,

with much of the demand

centered on shares of state-

controlled companies.

Written and edited by

Michele Morgan, Emilio

Terazono and Peter Hall

FTSE Actuaries Share Indices

Percent of composition with the Equity and Income of Actuaries

May 98

Market & Regional

FTSE Europe 300

FTSE Europe 100

FTSE Europe 500

FTSE Europe 2000

FTSE Europe 3000

FTSE Europe 4000

FTSE Europe 5000

FTSE Europe 6000

FTSE Europe 7000

FTSE Europe 8000

FTSE Europe 9000

FTSE Europe 10000

FTSE Europe 11000

FTSE Europe 12000

FTSE Europe 13000

FTSE Europe 14000

FTSE Europe 15000

FTSE Europe 16000

FTSE Europe 17000

FTSE Europe 18000

FTSE Europe 19000

FTSE Europe 20000

FTSE Europe 21000

FTSE Europe 22000

FTSE Europe 23000

FTSE Europe 24000

FTSE Europe 25000

FTSE Europe 26000

FTSE Europe 27000

FTSE Europe 28000

FTSE Europe 29000

FTSE Europe 30000

FTSE Europe 31000

FTSE Europe 32000

FTSE Europe 33000

FTSE Europe 34000

FTSE Europe 35000

FTSE Europe 36000

FTSE Europe 37000

FTSE Europe 38000

FTSE Europe 39000

FTSE Europe 40000

FTSE Europe 41000

FTSE Europe 42000

FTSE Europe 43000

FTSE Europe 44000

FTSE Europe 45000

FTSE Europe 46000

FTSE Europe 47000

FTSE Europe 48000

FTSE Europe 49000

FTSE Europe 50000

FTSE Europe 51000

FTSE Europe 52000

FTSE Europe 53000

FTSE Europe 54000

FTSE Europe 55000

FTSE Europe 56000

FTSE Europe 57000

FTSE Europe 58000

FTSE Europe 59000

FTSE Europe 60000

FTSE Europe 61000

FTSE Europe 62000

FTSE Europe 63000

FTSE Europe 64000

FTSE Europe 65000

FTSE Europe 66000

FTSE Europe 67000

FTSE Europe 68000

FTSE Europe 69000

FTSE Europe 70000

FTSE Europe 71000

FTSE Europe 72000

FTSE Europe 73000

FTSE Europe 74000

FTSE Europe 75000

FTSE Europe 76000

FTSE Europe 77000

FTSE Europe 78000

FTSE Europe 79000

FTSE Europe 80000

FTSE Europe 81000

FTSE Europe 82000

FTSE Europe 83000

FTSE Europe 84000

FTSE Europe 85000

FTSE Europe 86000

FTSE Europe 87000

FTSE Europe 88000

FTSE Europe 89000

FTSE Europe 90000

FTSE

Volkswagen stands proudly beside polished fleet

Graham Bowley outlines some of the reasons why the Rolls-Royce suitor could be feeling confident of success

Volkswagen executives think that one of their strongest hands in the battle for Rolls-Royce is the impressive success they have enjoyed with past acquisitions. They say this with one eye on Rover, their rival BMW's UK subsidiary, which is only just edging into profit.

Rover has of course been battered by the strong pound. But there is no denying that VW is one of the most successful carmakers in Europe, and much of its present good fortune is due to the turnaround of its Audi, Seat and Skoda divisions.

"VW is doing great. Just look at the stock price," said Falk Frey, analyst at Bank Julius Baer in Frankfurt. VW's share price has risen 43 per cent this year, and profits doubled last year to DM1.36bn (\$468m).

Audi, acquired in the 1970s, has been positioned to take on BMW, and has made huge in-roads into the luxury car segment. It has been difficult to restructure and lay off people, even more difficult than in Ger-

many," said Klaus-Jürgen Meitzner at Deutsche Bank in Frankfurt.

Seat, the Spanish unit, was bought in 1986 from the Spanish government. It had strong links with Fiat and VW spent time and money replacing technology and thinking derived from the Italian car company with its own engineering and culture. The brand has been given a sporty, "Mediterranean" image.

But of the most recent acquisitions, by far the most impressive has been Skoda, the Czech division, which VW bought in the early 1990s. In Skoda, VW has enjoyed the benefits of an experienced workforce in the Czech Republic and wage costs which have at times been a tenth of those at VW's factories in Germany.

In Spain, on the other hand, wages at Seat have tended to be higher and the work force has been more resistant to change. "It has been difficult to restructure and lay off people, even more difficult than in Ger-

many," said Klaus-Jürgen Meitzner at Deutsche Bank in Frankfurt.

The turnaround at Skoda has been dramatic: a loss of DM35m in 1995 was turned into a DM9m profit in 1996, and last year became a profit of DM61m. Worldwide sales of Skoda cars have increased from 210,000 cars in 1995 to

One-year deadline on engines

If final victory in the tussle for Rolls-Royce Motor Cars does go to Volkswagen it will have 12 months to decide what to do about engines, John Griffiths writes. That is the notice period BMW would have to give if it carried out its threat to withdraw engines, transmissions and minor components it supplies for the just-launched Silver Seraph and Bentley Arnage.

VW's offer does not include the purchase of Cosworth, Vickers' subsidiary which builds engines for some Rolls cars. But it wants Rolls-Royce and Bentley engines built in the UK. So it may seek to buy relevant parts of Cosworth, such as the Weibullborough manufacturing centre, or adapt the new 12-cylinder engine of its W12 "supercar".

336,000 last year. Many other car companies (Daimler-Benz and Chrysler are two examples) have pursued similar multi-brand strategies. But few have enjoyed such success as VW.

Part of this success is

attributable to clear differentiation of the marques, each of which is targeted at a particular market.

"There is a clear definition of brand names and of products," said Mr Meitzner. "Seat and Audi are more emotional, Skoda and VW more rational, for the cost-conscious. Seat has a Mediterranean feel, Audi is for the engineers."

But also central to VW's success has been the so-called platform strategy pursued by Ferdinand Piech, VW's chief executive. VW uses the basic platform of a car - its bodywork, axles and engine - for different models. For example, some Skoda cars share the same basic platform as some Audis and VW Golfs. In effect this boils down to selling virtually the same car, but under different guises, to different customers.

Mr Piech has said that as much as 60 per cent of a car's costs are contained in the basic platform, which means that using the same one across different brands can lead to a substantial cost reduction.

According to Mr Meitzner, the VW group now commands about a 17 per cent share of the passenger car market in western Europe, which last year added up to 13.41m cars. The VW brand itself has a 9.7 per cent share, Audi 3.3 per cent, Seat 2.6 per cent and Skoda 1 per cent.

The next step it seems is for VW to go into the highest luxury segment with the acquisition of Rolls-Royce. It is clear why Mr Piech wants Rolls-Royce - because without this powerful brand it would cost VW much



Deutsch-marque: Mike Edwards, a Rolls-Royce dealership commissionaire, polishes the cherished spirit. AP

more to enter the luxury market.

"VW is buying top market credibility. It could build its own big car but no way could it charge the money Rolls-Royce does," said Colin Couchman, car analyst at

Standard & Poor's DRI in London.

There could be a danger for VW if it allows its other more down-market brands to take the high-profile image of Rolls-Royce. It is for this reason that it is planning to

keep Rolls as a separate brand within the VW stable, abandoning earlier plans to bring it under the Audi roof. It also plans to source engines from the UK, again to boost the differentiation with its other brands.

NEWS DIGEST

OPHTHALMIC

Eyecare Products in acquisition talks

Eyecare Products, the UK-registered spectacles maker, is in three-way talks to acquire a German competitor and one of its distributors.

The company, whose main business is producing and selling ophthalmic frames and sunglasses through its L'Army group in France, said yesterday it was at an early stage in negotiations to buy the Metzler Group, a private German company. It is also in talks with Optimax Group of Austria, a distributor of optical frames for both L'Army and Metzler.

Under the current negotiations, Metzler and Optimax would be acquired in exchange for "significant minority stakes" in Eyecare. It is thought the debts of the enlarged group would be reduced at or before completion by a cash injection from investors.

The company said no binding agreements had yet been made and that it was unlikely a deal would be announced before the third quarter. Shares in Eyecare rose 1/4p to 15 1/4p, up from a low of 9 1/4p a year ago.

Credit Lyonnais, the company's bankers, said it had announced the talks ahead of an industry fair this weekend. To complete the deal, it was necessary to gain approval of several licensors and there was a danger the news would leak, Virginia Marsh

OIL DISTRIBUTION

Iraqi deal boosts Fortune

A crude oil purchase agreement with Iraq, signed under the United Nations Oil-for-Food programme, contributed to a 45 per cent rise in trading turnover at Fortune Oil, the Hong-Kong based oil distributor. Pre-tax profits for 1997 rose 34 per cent to £4.7m. After tax and minorities, profits were up 9 per cent to £3m.

Fortune, which operates in China and south-east Asia, said its expanded trading team had contributed £3m of the group's profits. Revenues from Fortune's Single Point Mooring facility at Maoming, southern China, which allow tankers to off-load oil at sea, climbed 21 per cent to £5.7m. Volumes at its 14 petrol stations in southern China were up 15 per cent, Christopher Swann

To advertise your

Commercial Property

And reach 52,000 property decision makers.

Contact
Tina McGorman
+44 0171 873 3252
Fax +44 0171 873 3098
BMRC 95.

BMW threat to disrupt Rolls-Royce production

By Graham Bowley in Frankfurt and Susanna Voyte in London

BMW, the German car-maker, yesterday repeated its threat to disrupt production at Rolls-Royce Motor Cars if the UK luxury car-maker is sold to its rival Volkswagen.

The latest parry in the battle for control of the UK luxury marque follows Thursday's surprise decision by Vickers to recommend VW's

\$430m (\$714m) offer, reversing its earlier support for BMW's bid. It became clear yesterday that if VW won Rolls-Royce it would be immediately pitched into a battle over its use of the brand name.

BMW refused to be drawn on whether it would counter VW's bid by raising its own £340m offer.

"We are not surprised by Vickers' move," said BMW. "We are not in any way in a negative mood. We still con-

sider our bid a very good one."

Rolls-Royce, the aero engine maker which owns the Rolls-Royce name, welcomed yesterday's announcement by the European Commission rejecting attempts by Vickers to speed up its consideration of the ownership of the brand name.

While the commission stressed that its decision did not prejudice its final verdict, Rolls-Royce claimed the

announcement confirmed its right to block foreign ownership.

However, this drew angry denials from Vickers.

VW's offer is not conditional on getting a brand name deal with Rolls-Royce. If its bid is approved by Vickers shareholders at the extraordinary general meeting on June 4 it would have to enter negotiations with Rolls-Royce, or continue the European legal action started by Vickers.

Rolls-Royce said it was

still keen that BMW win the

marque. It said: "It is an issue of confidence. We have that confidence in BMW, but we cannot have that in VW because we haven't had the same sort of discussions with them."

Garel Rhys, professor of motor industry economics at Cardiff Business School, said BMW might choose not to put in a higher bid for Rolls-Royce in light of the deal between Daimler-Benz

and Chrysler. He said the merger created a huge challenge for BMW - especially because it would pit Chrysler's Jeep subsidiary against Land Rover in its European heartland.

"I don't think BMW will come back. The last 48 hours have changed the world for them," he said. "Daimler-Chrysler will make a more powerful rival than they were facing before and they are going to have their hands full with that."

Pearson may bid for publisher

By John Capper and William Lewis

Pearson, the media company that owns the Financial Times, is expected next week to join five or more bidders for Simon & Schuster, the US publisher that is being sold by Viacom, its parent group, at a price expected to exceed \$4bn (£2.4bn).

Pearson - which is being advised by Goldman Sachs because Lazard Freres, the investment bank it partly owns is advising a rival bidder - is expected to face strong competition from financial buyers for Simon & Schuster's education and specialist publishing arms.

Kohlberg Kravis Roberts & Co and Hicks, Muse, Tate & Furst, two leveraged buy-out

funds, are thought to be the leading financial buyers taking part in a second round of bidding for the Simon & Schuster operations which is due next week.

Michael Milken, former head of the high-yield bond specialist, Drexel Burnham Lambert, who was jailed for financial crimes, is also expected to make a bid for the business through Knowledge Universe, the education and training company he leads.

Apart from Pearson, which is primarily interested in merging the educational publishing operations with its Addison Wesley Longman educational arm, Harcourt General, which is being advised by Lazard Freres, is seen as the leading trade bid-

der. However, Harcourt's appetite for the auction may have been dented by its purchase of McGraw Hill this week of Mosby, the medical publishing group, for \$415m. Harcourt bought the Churchill Livingstone publishing group from Pearson last year.

Viacom expects to gain about \$4.5bn in total, including \$3bn for the education publishing businesses.

The auction is being organised by Morgan Stanley and Viacom has encouraged bidders to make a combined offer for all five specialist publishing units.

If Pearson won the auction, it would be the most significant strategic move by the group since Marjorie Scardino became its chief

executive last year.

Mrs Scardino has said she wants to reinforce Pearson's position in educational publishing and by purchasing the Simon & Schuster units the company would strengthen its position as a leading publisher in US education.

However, it would stretch Pearson financially to make such a purchase. Analysts believe it lacks the balance-sheet capacity to retain all the Simon & Schuster businesses if they sell for \$4.5bn, and would have to divest the publisher's non-education operations.

Lazard Freres is thought to have been engaged by Harcourt before Pearson expressed an interest in Simon & Schuster.

Hillsdown aims to create value with break-up

By Maggie Urry

A radical restructuring plan announced by Hillsdown Holdings will leave investors with shares in three separate companies, and a cash payment funded from a series of disposals.

The break-up of the food, housebuilding and furniture conglomerate marks another reversal of the 1980s trend of acquisitive agglomeration that has since fallen from fashion. Instead it adopts the themes of focus and improving shareholder value that have become popular in the 1990s. Eventually, the Hillsdown name itself is likely to disappear.

Hillsdown shares, which have performed poorly compared with the stock market for many years, rose 2 1/2p to 189p yesterday. Before the group said in March that it was examining options to restore value, its shares had been as low as 142p.

Analysts estimated the package could produce a value for the group of 200-210p, but said that could rise if auctions developed for the businesses being sold. They are expected to raise £500m (\$825m) to £600m between them and after tax, costs and

the repayment of some of Hillsdown's £300m of debt. Shareholders could expect a cash payment of at least 35p a share.

As part of the rearrangement George Greener, who joined as chief executive in 1996, will leave the company in the summer and Ray Mackie, finance director, resigned yesterday. Mr Greener said: "I have effectively designed myself out of a job."

Analysts said the plan went as far as they could have hoped. One said: "With the three separate companies they are giving shareholders as much choice and flexibility as possible." Another said: "They had to be radical and they were. The job has been extremely well started, let's see how they finish it."

Two companies will be demerged: the Fairview housebuilding business and a newly-created and yet to be named chilled foods company. That leaves Hillsdown with a grocery products business including Typhoo tea, Cadbury biscuits and Maryland Cookies, Chivers Hartley jams and pickles, and a confectionery business which includes the HP brand.

Turkish bank sell-off popular

By John Baffin in Ankara

The Turkish government expects to raise \$651m (£322m) from the sale of its remaining 13.3 per cent stake in Türkiye İş Bankası, one of the country's biggest financial institutions.

The sale, Turkey's biggest privatisation and its largest international offering, was heavily over-subscribed.

Officials hope investor interest will be sustained for several larger privatisations planned for this year.

Çinayit Demirtaş, assistant general manager of Demirbank, the Istanbul investment bank, said an effective marketing campaign had ensured strong demand for the issue.

Investors were also attracted by a 10 per cent discount for retail buyers. İş Bankası is one of Turkey's biggest banks, with a market capitalisation of \$5.5bn.

Salomon Smith Barney, the New York investment bank that acted as joint

global co-ordinator, said the international offering was about four times subscribed, attracting approximately \$1.25bn of demand from foreign investors.

It announced yesterday a price of \$10.45 for each London-listed global depositary receipt. The international portion of the offering accounted for 55 per cent of the total.

Salomon, acting with Turkey's TSKB Investment Bank, announced a price of TL26,000 per quoted unit, which represents TL1.44m for each of the bank's class C shares. The domestic offering represented 45 per cent.

Mr Demirtaş said he expected the bank's market capitalisation to rise 38 per cent to \$7.5bn by September.

Private investors now hold 27 per cent of the bank, but the centre-left People's Republican party holds 28 per cent.

Bank staff and their pension fund hold the remaining 45 per cent.

Shell calms fears on environment

By Robert Corzine

Shell Transport and Trading, the UK arm of the Anglo-Dutch oil group, appears at last to have calmed concerns of protesters critical of the group's environmental, ethical and social policies.

Despite the demonstrators and heavy police presence outside yesterday's annual meeting in London,

the atmosphere of confrontation that marked last year's meeting was largely missing. Many of the company's critics tempered their attacks with compliments about Shell's efforts to improve the way it treats the countries where it is active, and their people.

Anne Stimpert, co-director of Pirc, the campaigning investment advisory service, welcomed Shell's commitment to greater openness. She also praised its efforts to seek independent verification of the environmental and social impact of the company's far-flung operations.

Last year Pirc was the main force behind a critical shareholder resolution which called for extensive improvements in such areas. However, questions from the floor showed that Nigeria remains a running



A protester outside the Shell annual meeting yesterday

sore for Shell. Mark Moody Stuart, Shell's chairman, used the meeting to appeal for "... justice for imprisoned members of the Ogoni community" in the Niger delta.

But he warned shareholders that the problems which faced Shell in Nigeria were likely to persist for some time. "Nigeria is very difficult to solve... we'll be working on this for many years to come."

RESULTS

	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current dividend (p)	Date of payment	Dividend cover (times)	Total for year	Total last year
Exeter Investment	6 mths to Mar 31	3.08 (2.46)	0.882 (0.503)	6.42 (3.7)	2	1.3	-	4.4
Fortune Oil	Yr to Dec 31	570 (383)	4.68 (3.48)	0.26 (0.25)	-	-	-	-
Superfranchise	Yr to Dec 31	4.23 (3.41)	0.206 (0.137)	1.83 (1.14)	1	nil	1	nil
	NAV (£)	Attributable earnings (£m)	EPS (p)	Current dividend (p)	Date of payment	Dividend cover (times)	Total for year	Total last year
Northern Ventures	6 mths to Mar 31	102 (94.5)	0.56 (0.19)	1.6 (1.25)	1.2	1.2	-	3
Value & Income	Yr to Mar 31	188.6 (143.6)	2.46 (2.17)	5.41 (4.81)	2.4	2.3	5	4.8

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. *After exceptional charge. *After exceptional credit. *On increased capital. *4m stock.

09/05/98

COMPANIES & FINANCE: DAIMLER-BENZ/CHRYSLER MERGER

FINANCIAL SERVICES DEAL REMOVES BARRIERS TO GROWTH

Debis sees opportunities in US to develop IT

By Graham Bowley in Frankfurt

Daimler-Benz Interfinance, Daimler's services division, wants to expand in the US because of the US Bank Holding Company Act, which allows banks to offer financial services.

Klaus Mangold, chairman of Debis, said: "We can now

develop our IT businesses in the US. This will have positive effects for our IT side."

Debis has been unable to expand its activities in the US because of the US Bank Holding Company Act, which attempts to limit banks' industrial holdings because of fears over conflicts of interest.

The act has forbidden Debis from offering IT services to companies in the US because Deutsche Bank, Germany's biggest bank,

holds a 21.6 per cent stake in Daimler-Benz.

However, the Daimler-Benz merger will mean that Deutsche Bank's stake will shrink to 12 per cent. "We are not any more dependent on the whole issue of the Bank Holding Company Act," said Mr Mangold.

Debis is one of Daimler's fastest growing divisions, accounting for around 12 per cent of the group's revenues. Operating profits grew 59 per cent last year and sales

increased to DM15.5bn (\$8.8bn).

Its main business is its financial services unit, which provides leasing and financing for products such as the cars made by Daimler-Benz. But it has increasingly moved in to systems outsourcing where it provides and runs IT systems for other companies. Last year Debis sold a large stake in Cap Gemini, the big French software consultancy, because the US law stopped it from taking

over the whole of the company without Deutsche Bank reducing its holding. Daimler said it had chosen to sell the stake to concentrate on the expansion of its own IT business.

It remains unclear to what extent Deutsche Bank will have to reduce its stake to meet the conditions of the Act. However, Deutsche Bank is confident that the US Federal reserve will accept that its reduced shareholding does not con-

stitute a controlling interest.

Mr Mangold said closer co-operation with Chrysler's financial arm was being looked at. "We should decide if we bring both companies together, or if we should work with closer co-operation," he said.

However, the company indicated that Debis was not considering floating as a separate company from Daimler-Benz. "So far we have not considered that this plays a significant role in our policy," Debis said.

Union warms to win-win for Chrysler

By Nikki Tait in Chicago

Reaction to the Chrysler/Daimler-Benz merger from the International Union of Automotive Workers, which represents more than 70,000 employees at the US carmaker, has been as favourable as the companies could have hoped.

Steve Yolkich, UAW president, said on Thursday the deal could be a win-win situation, although he also acknowledged there were many questions still unanswered. "We're taking a good, hard look at it - not just today, but three years, six years and 10 years down the road," he said.

But, he added: "At the moment, I think it's good for the Chrysler workers and good for the union. I don't believe it weakens us at all."

As US labour experts have already pointed out, the deal could offer the UAW advantages. Although the union still has the muscle to cause serious disruption to the Big Three carmakers if it wishes, its influence has declined over the past two decades as membership has dropped.

Today, it represents about 770,000 workers, about half the peak level of 1.5m in 1978.

Importantly, the UAW has had a mixed record when trying to organise at the foreign-owned car plants which have set up on US soil.

It failed to secure a foothold at the independent Japanese plants - those not in joint ventures with US carmakers - owned by the likes of Nissan, Honda and Toyota. But, following the Daimler deal, it may now sense an easier entry into some European-owned facilities.

Daimler-Benz itself has an assembly plant in Alabama, employing about 1,500 people which the union is eager to add to its membership, and BMW has a sepa-

rate facility in South Carolina. Neither are organised at present.

In addition, the German approach to labour representation is conciliatory, with union members given supervisory board representation. Union attitudes in the US have varied on this issue of whether it is better to achieve goals through collective bargaining in the broader political arena or through having a stake in management.

However, the UAW said yesterday it would like to participate fully in any worker board arrangement.

Two former presidents of the UAW - Douglas Fraser and Owen Bieber - have served on Chrysler's board in the past.

Finally, in productivity terms, US plants compare well with those in Germany. That - coupled with the assurance from Mr Eaton and Mr Schrempf that the merger is about opportunity rather than rationalisation - may have helped to assuage fears of job losses. As Mr Yolkich pointed out: "Our job is to protect American jobs."

Out in the plants, the dominant attitude seemed to be one of "wait and see".

"There are mergers going on everywhere - it's hard to know what will happen," said one employee at Chrysler's Belvidere assembly plant in Illinois. Others have pointed out that employees stuck by the US carmaker during its problems in the 1970s and 1980s, and have expressed hopes that this would not be forgotten.

Meanwhile, dealers' reaction seemed to be generally enthusiastic - although there was initial confusion over whether unmarked Mercedes would be sold next-door to minivans. (The companies will retain exclusive dealerships, and do not expect to co-mingle brands.)

Motown hums renaissance tune

By Nikki Tait

On the wet and windswept streets of Detroit yesterday, the implications of the Daimler-Benz merger were still being digested.

At the official level, the reception has been almost entirely favourable. Dennis Archer, Detroit's mayor, believes the deal would be good for Motown, giving Chrysler a better platform to push products into European markets. Its market share there is only 1 per cent - a pale shadow of the double-digit shares held by Ford and GM.

"This does nothing but enhance our stream of exports," he said.

He also revealed that he had met Jürgen Schrempf on two occasions, and toured the Stuttgart plant recently as part of a campaign to encourage investment in his city - apparently unaware that a much bigger Chrysler deal was in the works. "I wouldn't play poker with these guys," he remarked, ruefully.

Local newspapers, too, have tended to play up the existing links between German and mid-western companies: the Detroit Regional Chamber of Commerce points out that around 90 German-owned companies or subsidiaries operate in the Detroit area.

The notion of "them" (the

foreign carmakers) and "us" (the Big Three) has generally been dismissed as outdated nationalism - a far cry from the mid-1980s, when US carmakers rampaged against Japanese competitors.

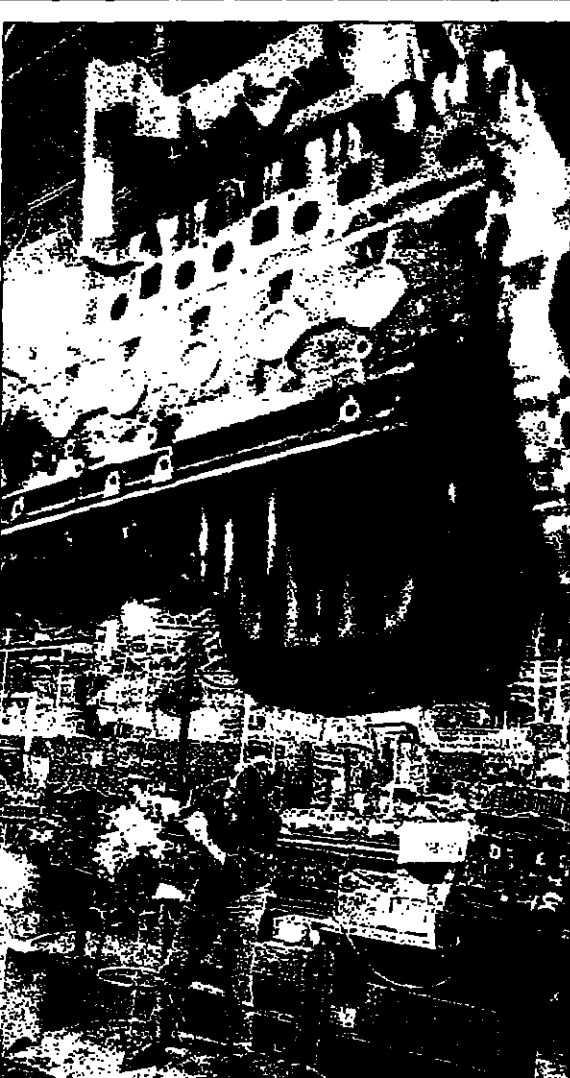
But for all this bullish sentiment, there is still the question of the merged company's dedication to a city which, for two decades, has been trying hard to shake off a reputation for crime and inner-city decay.

Chrysler - like the other carmakers - has been important in this process. Chrysler's Bob Eaton, for example, has chaired the Detroit Renaissance group, a group of about 60 local chief executives which have been work-

ing to revitalise the city. Some Detroiters have also mourned more symbolic losses - pointing out, for example, that the city can no longer talk about the "Big Three" carmakers, and that the "Big Two" lacks the same ring.

But, for the moment, Archer insists that Chrysler's civic role "is not going to diminish". And Detroiters seemed happy to translate a few of the city's best-known phrases for the benefit of their new partners, including legendary Chrysler boss Lee Iacocca's "If you can find a better car, buy it."

"Wenn Sie ein besseres Auto finden können, kaufen Sie es".



Chrysler employees stuck by the US carmaker during its problems in the 1970s and 1980s, and have expressed hopes that this would not be forgotten

Deutsche Bank offers support

By Andrew Fisher in Frankfurt

Deutsche Bank directors were taken aback when they heard the news of Daimler-Benz's planned merger with Chrysler on Monday evening, but rallied round and signed a letter of support for the German group at their board meeting the next day.

This was handed to Jürgen Schrempf, Daimler chairman, on Wednesday for the final negotiations. These took place at the bank's headquarters - where he

had breakfast with Robert Eaton, Chrysler chairman - and later in London.

Some of the bank's directors were piqued at having been informed so late and concerned at whether the Mercedes-Benz marque, a global symbol of German engineering quality, would fit well with Chrysler's more popular image.

Their keen interest shows the strength of Deutsche's ties with Daimler, a microcosm of the relationships between German banks and

industry. Deutsche holds 21.6 per cent of Daimler's shares, a stake which stems from the 1920s.

Reinforcing the bank's links with the industrial group is the fact that Hilmar Kopper, head of Deutsche's supervisory board, also heads the non-executive board of Daimler. He was also at the Wednesday breakfast.

One of Deutsche's main concerns as adviser is to ensure German shareholders of Daimler are not able to

contest the deal successfully in court by claiming the share exchange terms of the merger are unfair.

Under German law, auditors value merging companies on the basis of their assets, as in the case of the tie-ups between two big Bavarian banks and between the Krupp and Thyssen engineering companies.

To forestall any problems, Deutsche has had its own valuations drawn up to see the exchange ratio is watertight.

FT/STP ACTUARIES WORLD INDICES

The FT/STP Actuaries World Indices are owned by FTSE International Limited, London, and Standard & Poor's, New York. The indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. Neither Standard & Poor's nor the Faculty of Actuaries is a co-owner of the indices.

NATIONAL AND REGIONAL MARKETS									
Index	US	Days	Point	Index	US	Days	Point	Index	US
Value	Change	Since	Value	Change	Since	Value	Change	Since	Value
of 100		Start	of 100		Start	of 100		Start	of 100
Australia (27)	208.15	-0.5	185.70	173.28	189.03	215.91	-0.1	3.82	207.22
Austria (28)	228.88	-0.2	213.56	198.18	217.19	217.06	-0.2	1.52	227.22
Belgium (26)	228.44	-1.3	206.76	277.04	302.09	295.53	-1.4	2.45	233.63
Brazil (28)	243.66	-1.0	218.41	204.82	223.34	513.20	-1.1	1.92	246.12
Canada (120)	542.18	-1.0	218.16	208.08	222.07	252.51	-0.9	1.59	544.72
Denmark (24)	507.67	-0.4	487.81	426.81	465.52	489.27	-0.5	1.30	509.53
Finland (28)	442.14	-1.5	398.29	371.81	405.43	497.18	-1.6	1.94	448.80
France (79)	314.50	-0.8	283.21	284.48	288.39	291.73	-0.3	2.02	317.11
Germany (58)	282.95	-0.5	254.81	237.87	259.26	293.58	-0.4	1.27	285.11
Greece (27)	292.49	-3.7	254.47	237.55	259.13	604.08	-3.2	1.48	293.30
Hong Kong, China (35)	301.54	-1.7	270.73	252.73	276.59	299.02	-1.7	5.32	305.65
Indonesia (27)	40.88	-1.2	36.85	34.22	37.31	237.12	-0.2	2.98	40.72
Ireland (16)	248.30	-1.4	49.82	461.32	503.89	544.27	-1.2	1.78	257.04
Italy (54)	191.47	-0.9	148.18	138.51	159.31	213.70	-1.0	1.54	193.86
Japan (98)	92.22	-1.1	83.57	78.39	85.48	78.39	-0.8	1.01	94.28
Malaysia (107)	168.12	-1.9	151.45	141.38	154.18	248.82	-0.6	2.78	165.86
Mexico (28)	1638.94	-0.1	1477.28	1378.07	1503.78	1529.78	-0.1	1.32	1642.65
Netherlands (19)	285.01	-3.2	258.74	424.48	452.17	457.59	-1.5	0.92	291.58
New Zealand (14)	69.87	-0.8	62.94	58.76	64.07	68.21	-0.3	4.79	70.47
Norway (38)	347.24	-2.9	312.80	282.01	318.41	347.45	-2.4	1.00	357.71
Philippines (22)	59.83	-1.2	54.82	78.98	86.14	186.08	-0.7	1.12	60.88
Portugal (16)	258.01	-3.2	235.74	238.89	265.15	332.39	-3.3	1.07	264.40
Singapore (42)	194.44	-2.1	175.15	163.51	176.30	145.85	-1.4	2.05	198.63
South Africa (38)	328.08	-1.2	288.74	274.21	289.09	361.02	-1.0	2.48	330.08
Spain (31)	374.72	-0.1	337.59	315.12	343.82	425.29	-0.2	1.00	382.60
Sweden (43)	507.74	-0.4	547.48	511.07	557.28	602.88	-0.3	1.71	510.42
Switzerland (30)	367.18	-0.5	367.18	373.78	371.25	571.25	-1.0	1.09	408.84
Thailand (39)	34.28	-1.4	21.86	20.40	22.25	36.88	-1.9	0.32	34.61
United Kingdom (208)	284.50	-1.8	346.38	323.34	352.88	406.35	-0.9	2.84	291.71
USA (853)	445.01	-0.9	403.57	378.74	410.81	449.07	-0.9	1.43	451.51
Australia (810)	405.99	-0.9	354.72	341.41	372.29	345.01	-0.9	1.45	408.54
Europe (748)	268.34	-1.3	231.00	230.85	256.78	335.95	-1.0	2.01	269.97
France (148)	331.32	-0.8	478.82	446.80	487.21	508.11	-0.7	1.98	335.75
Germany (698)	102.38	-1.1	92.23	86.10	93.88	86.85	-0.9	1.71	103.49
Japan (1617)	208.34	-1.2	187.59	175.12	190.03	176.95	-1.0	1.92	210.82
North America (759)	434.59	-0.9	391.79	365.75	386.52	434.59	-0.9	1.44	436.75
Europe Excl. UK (540)	290.71	-1.0	297.91	278.11	303.25	317.80	-1.1	1.59	334.06
Pacific Excl. Japan (389)	188.18	-0.9	187.71	158.06	170.72	188.23	-0.7	1.42	187.83
World Excl. UK (1820)	212.25	-1.2	194.63	178.43	194.63	187.48	-1.0	1.91	214.93
World Excl. UK (2282)	269.12	-0.9	241.48	224.72	255.94	254.39	-0.9	1.53	261.71
World Excl. Japan (1890)	284.85	-1.0	248.68	233.83	252.50	277.18	-0.9	1.74	288.61
The World Index (2470)	288.04	-1.0	259.47	242.22	264.12	282.94	-0.9	1.67	291.03

Source: FTSE International Limited, London, and Standard & Poor's, New York. All rights reserved. "FT/STP Actuaries" is a joint venture of FTSE International Limited and Standard & Poor's. FT/STP Actuaries is not a company. The indices are compiled by FTSE International Limited and Standard & Poor's. The indices are not intended to be used for investment purposes. The indices are not intended to be used for investment purposes. The indices are not intended to be used for investment purposes.

<http://www.unioncol.co.uk>
F.X. FUTURES & OPTIONS 24 HOURS
0171 522 3333

BERKELEY FUTURES LIMITED
38 DOVER STREET, LONDON W1X 8BB
TEL: 0171 522 1133 FAX: 0171 435 0072
<http://www.bfl.co.uk>

ComStock on the Net
Real-time market data on the Internet
Wide range of international stocks, futures, options
Bonds, currencies and technical analysis
ComStock on the Net
ComStock on the Net
ComStock on the Net

Market-Eye
Real-time equities, futures, options
and news from only \$54 per month
0800 321 321
www.market-eye.co.uk

TENFORE
A member of the EuroAmerican Group
For more info and FREE demo disk
+44 (0)171 405 1004

If you would like to advertise, or require any further information, please contact:
Jeremy Nelson
Tel: 0171 873-3447 Fax: 0171 873-3062

FTSE GOLD MINES INDEX
May '98
Index Value
Gold Mines Index (25)
1254.50
-3.0
1259.58
1259.58
1.00
-1610.89
891.28

FTSE 100 INDEX
May '98
Index Value
FTSE 100 Index (100)
1188.51
-3.1
1187.50
1187.50
1.07
45.21
1574.16
854.86

FTSE 250 INDEX
May '98
Index Value
FTSE 250 Index (250)
1188.51
-3.1
1187.50
1187.50
1.07
45.21
1574.16
854.86

FTSE 100 INDEX
May '98
Index Value
FTSE 100 Index (100)
1188.51
-3.1
1187.50
1187.50
1.07
45.21
1574.16
854.86

FTSE 100 INDEX
May '98
Index Value
FTSE 100 Index (100)
1188.51
-3.1
1187.50
1187.50
1.07
45.21
1574.16
854.86

FTSE 100 INDEX
May '98
Index Value
FTSE 100 Index (100)
1188.51
-3.1
1187.50
1187.50
1.07
45.21
1574.16
854.86

WEEKEND BUSINESS

BUSINESS OPPORTUNITIES

BUSINESS SOFTWARE

INDEPENDENT THINKER? AN EXECUTIVE? WANT A CHALLENGE?

Find out more...
IME Resources plc
Call Robin Oulton on 01983 865720
or 0204 343060

TELEPHONE SALES ORGANIZATION WANTED

We seek a telephone sales staff in the UK/Europe to help complete the capital raise for an international general partnership which will fund an INTERNET GAMING CASINO investment. All legal documents in place and reviewed. Exceedingly high sales commissions are paid. Please contact G. David Bader at tel. 925-798-0482.

LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION COMPANIES COURT
IN THE MATTER OF TOAD PLC and
IN THE MATTER OF THE COMPANIES ACT 1985
NOTICE IS HEREBY GIVEN that a petition was presented on the 24th day of April 1998 to the High Court of Justice for the winding up of the above named company by order of the court. The petition is supported by a statement of affairs of the company as at the date of the presentation of the petition. A copy of the statement of affairs is available for inspection at the offices of the liquidator, Messrs. J. & J. B. Bader, 10, Abchurch Lane, London EC4N 3DF, from 10.30 a.m. to 5.00 p.m. on any business day. Dated this 24th day of May 1998.

EXPLORE JOINT VENTURE

25 years successful real estate experience
BUCKINGHAM MANAGEMENT, INC.
TEL (914) 666-7700
FAX (914) 666-7013

BUSINESSES FOR SALE

Appear in the Financial Times every Tuesday, Friday and Saturday.

For further information, or to advertise in this section, please contact
Marion Wedderburn on +44 171 873 4874
Melanie Miles on +44 171 873 3349

ON LINE INFORMATION SERVICE

ShareScope
HELPING INVESTORS MAKE BETTER INVESTMENTS
FREE DEMO DISK
CALL FREE 0500 321456

PRIVATE INVESTORS

Informative Ltd is regulated by the Securities and Futures Authority.

UNIVERSITY OF ALBANY

ALBANY COLLEGE OF BUSINESS
"Worldwide Options-Futures-Swaps"
"Portfolio Sensitivity Analysis"
"Real Estate Portfolio Analysis"

ORBITEX

Investment experience in
Russia & Eastern Europe.

Tel: 0171-355 1441

Orbitex Investment Services Ltd. is a
limited liability company, which is registered in the UK.

COMPANIES FT MARKETS

Weekend May 9/May 10 1998

brother

PRINTERS
FAX MACHINES

Daimler aims for new style board after deal

By Richard Waters in New York
and Haig Simonian in Detroit

Daimler-Benz plans to create a new US-style board of directors after its merger with Chrysler, according to Jürgen Schrempp, chairman of the German company.

The board would bring together top executives from the new DaimlerChrysler and representatives of its shareholders, and would be in addition to the traditional management and supervisory boards maintained by German companies, he added.

It also emerged yesterday that Thomas Stalkamp, Chrysler's president, would take the central role in managing the integration of the two companies - despite the fact that Daimler executives will be in a majority on the key decision-making groups in the new DaimlerChrysler.

Both developments appeared to point to efforts by Daimler to win strong US backing. Although billed as a merger of

equals, the all-stock deal - announced on Thursday - amounts to an acquisition of Chrysler for \$38bn.

Commenting on the new board, Mr Schrempp said: "I think Americans will feel very comfortable with this." The intention was to create a formal arrangement for some of the new company's biggest shareholders to meet executives, he added.

It was unclear, however, what power the new group would have to influence strategy, or how it would sit alongside the supervisory board made up of trades union and shareholders representatives.

Mr Stalkamp, who became Chrysler president earlier this year, is one of three US executives on a seven-person committee set up to manage the merger. He will be responsible for the integration of the two companies, as well as all of Chrysler's car and truck businesses, Daimler said - putting him firmly in position to step into the shoes of Bob Eaton,

the Chrysler chairman who is due to retire in three years.

Mr Eaton and Gary Valade, Chrysler's chief financial officer, will also sit on the new chairman's integration council, with Mr Valade being given control of global purchasing. Daimler executives, led by Mr Schrempp, will be in charge of finance and strategy.

Also, maintaining a clear division between the two car brands, Jürgen Hubbert will sit on the committee as head of the Mercedes car business. Daimler executives will also take ten of the 18 seats on the new company's management board.

It also appeared likely that Kirk Kerkorian, Chrysler's biggest shareholder, and the US autoworkers' union would win seats on DaimlerChrysler's supervisory board.

Mr Eaton said: "We haven't made the final decisions." However, asked if Mr Kerkorian would be allowed to name a representative to the board, he added: "I suspect he will."

EMI talks fail amid PolyGram speculation

By Cathy Newman in London

EMI, the troubled music group that numbers the Beatles and the Spice Girls among its artists, called off talks with a possible bidder late yesterday afternoon.

The company rushed out a statement shortly after the stock market closed saying discussions with a company, thought to be Seagram, the Canadian beverages and entertainment group, had ended because an offer had not been received.

It is believed Seagram is interested in talking to PolyGram, the world's largest music company. Philips, the Dutch electronics group, prompted speculation that PolyGram could be taken over when it said on Wednesday it was "evaluating various strategic options" concerning its 75 per cent stake.

Observers said EMI might have called off talks after the spotlight shifted to PolyGram. PolyGram is more attractive than EMI because of its good management and artists, such as U2 and Sheryl Crow.

EMI said in a statement: "Despite discussions over several weeks no offer has been received and the board has informed the third party that it is not willing to let the uncertainty continue."

Seagram's discussions with EMI are believed to have foundered on price. Seagram, which owns Universal Music and Universal Pictures, has declined to comment.

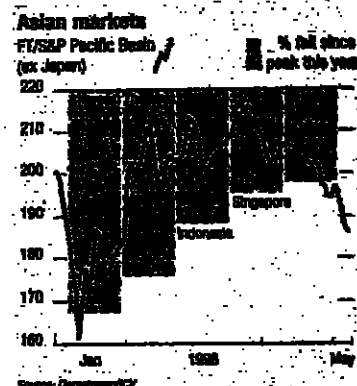
EMI has been dogged by persistent bid speculation. It confirmed at the end of last month that it had received an approach. Other prospective bidders are believed to include Disney, the US entertainment group. Kirk Kerkorian, the US corporate raider, is also thought to be interested.

David Chermont, media analyst at Merrill Lynch, said: "When the approach was made, EMI's share-price was 500p. It's moved significantly higher, so maybe the bidder had had to put too high a price on it." Yesterday the shares fell 2p to 578p.

PolyGram, which has about 16 per cent of the estimated \$400bn global music market, is valued at about \$3.6bn, with EMI at about \$7.4bn. EMI has 14 per cent of the market.

THE LEX COLUMN

Tigers turn tail



Asian markets
FTSE Pacific South
(ex Japan)
Nikkei
Hang Seng
Source: DataStream

Tempted to go bottom-fishing in Asia? Now looks a good time. You missed the first-quarter rally and are down the league tables. US equity valuations leave you queasy, while Europe looks due for a correction after a giddy run. Meanwhile, Asian markets have retreated sharply from their first-quarter peaks. Alas, this way disaster lies. True, the problem economies of Korea, Thailand and Indonesia are at least pointing in the right direction. But, as rioting in Indonesia this week has shown, doing the right thing by the International Monetary Fund can produce a very uncomfortable environment in the short term. Korea faces a similar dilemma.

Meanwhile the fundamental problem remains: where does the growth come from? Government spending is constrained by the IMF, the private sector has suffered severe wealth destruction, while a devaluation-driven export boom remains a distant hope. Right now, it is these gloomy macro-fundamentals which are driving markets. Earnings are so uncertain as to make valuation a near-hopeless task.

For those willing to take a three-to-five-year view, it is probably worth looking through these problems. But for investors with a shorter time horizon, the risks are much more daunting, even after the recent corrections. Indonesia could buckle, contaminating the entire region. China and Japan, meanwhile, both look capable of producing nasty surprises. Further yen weakness looks likely, while slowing growth in China increases pressure for a currency devaluation. Now is not the time to be chasing the wounded tiger.

Sterling

Sterling's fall from grace has been swift - 20 pence in five weeks, with half of that over the past week. The pace will not be sustained, but the direction is right. At DM3.10, sterling was clearly overvalued. But markets seldom reverse on value grounds alone; they need additional factors. With sterling, shifting interest rate expectations have been the main force. Much of the pound's strength reflected the wide gap between UK and German interest rates - nearly 400 basis points. But with the next move in UK rates probably down, and continental rates set to rise, that gap will shrink. The other factor has been the real economy: export confidence at an 18-

year low and the widest trade deficit in eight years. When the economic pipe squeaks, that normally signals a reversal. Renewed confidence in the euro may have drawn money away from sterling, but the strength of the Swiss franc cautions against this reasoning.

Short term, sterling is unlikely to fall much further. The Bank of England's inflation report next week will probably make some hawkish noises, especially with unemployment down to 4.9 per cent, and sterling 7 per cent off its peak. That will give pause for thought.

Over the next year, though, narrowing rate differentials and renewed speculation of British joining monetary union will probably take sterling down towards DM2.70. The route there may be volatile. Deprived of many of their other toys, Europe's currency traders will be looking to sterling to provide some excitement.

London's mayor

Rudolph Giuliani, New York's mayor, peppers his lectures with references to Plato and topless bars. London and its businesses will probably be more interested in what its new mayor has to say on transport, planning and development.

The potential for improvement, especially in the former, is enormous. The mayor's main task will be to oversee the overhaul of the decrepit Underground. The blueprint already laid out has its failings. The government seems to have ruled out private sector involvement in operating the trains. But a mayor boasting a direct electoral mandate from up to 6m people would make an ugly sparring partner. He or she should still have considerable influence on the final shape of London's new

Caspian cuts presence in eastern Europe and Asia

Co-founder may leave loss-making investment bank

By Vincent Boland and Clive Harris in London

Caspian Securities, the emerging markets investment bank, is cutting its presence in eastern Europe and Asia.

Its co-founder, Christopher Heath, once the UK's highest paid director, has already been replaced as chief executive and may leave the bank altogether. He has been succeeded by Anthony Walton, a former banker with Australia's Westpac and Chase Manhattan, who joined Caspian a month ago. Mr Heath's role is being discussed and may be clarified in the next few days.

Caspian's retrenchment is the latest in a series of cutbacks by investment banks in emerging markets after the Asian financial crisis. It will pull out of securities and secondary market trading to concentrate on investment banking, corporate finance and asset management.

The bank is closing its offices in Poland, Ukraine and the Philippines and has abandoned plans to open a branch in Moscow. It is in talks with potential partners in Latin America.

Rupert Pennant-Rea, non-executive chairman, said: "This is an inevitable reaction to changed market conditions. Caspian will concentrate on those activities that differentiate it from bigger competitors."

The cuts follow a review of operations by Mr Walton. Caspian has made losses since it was set up in 1995. It has raised more than \$200m in capital in that time. Its shareholders include the Commonwealth Bank of Australia and South Korea's Ssang Yong Investments and Securities.

Mr Heath was one of the first bankers to spot the potential of Asian markets. The architect of Barings Securities' success in the 1980s, he won

notoriety as a "fat cat" when his \$2.5m (\$4.2m) remuneration made him the UK's highest paid director in 1996-97.

He left Barings in 1993, two years before Nick Leeson's trading broke the bank. Caspian recruited well-connected directors including Pedro Aspe, the former Mexican finance minister, and Wilfried Thalwitz, the former World Bank senior vice-president.

Simon Loopuit, Caspian's co-founder, has left the firm along with other senior executives. Mr Walton is believed to be bringing in his own team. Robert McNamara, the former US defence secretary, and head of the World Bank, stepped down as a board member this year.

Caspian's retrenchment follows the collapse of Peregrine, the Hong Kong-based investment house, cost-cutting by ING Barings in Latin America and Asia, and Asian reductions by banks including JP Morgan and Schroders.

Companies in this issue

BMW	22	Ford	17
BOC	17	GTE	2
BSkyB	5	Gibson Group	17
Carlton Comm	5	Granada	5
Caspian Securities	24	Harcourt General	22
Chrysler	6, 23, 24	Hilldown	22
Daimler-Benz	6, 23, 24	MCI Communications	
Debs	23		
Deutsche Bank	23	Medeva	17
EMI	24	Microsoft	7

Markets Latest

FTSE 100	5988.8	(+31.8)
FTSE Europe 300	1216.9	(+6.18)
FTSE All-Share	2919.13	(+0.96)
Nikkei	15,148.00	(+5.97)
New York S&P 500	9085.04	(+108.38)
Dow Jones Ind Ave	1110.85	(+15.51)
S & P Composite		
LONDON MONEY		
3-mo Interbank	7.13%	(7.13%)
Libor 6m	7.13%	(7.13%)
Libor 12m	7.13%	(7.13%)
US LUNCHTIME RATES		
Federal Funds	5.51%	
9-m Treas Bill Yld	5.10%	
Long Bond	10.2%	
Yield	5.85%	
NORTH SEA OIL (Ampas)		
Brent Dated	\$614.15	(+14.08)
GOLD		
New York Comex Dec	\$289.8	(+28.5)
London	\$289.85	(+28.55)

Weather

Europe today

A front will bring showers to southern Norway, northern Denmark and south-west Sweden, but central and north-west Europe will be sunny. It will become quite hot, which may trigger thundery showers in the Low Countries, northern France and over the western Alps. Thunder is also possible over the interior of Spain and northern Portugal. Italy and south-west Europe will be hot and sunny, but the eastern Mediterranean will be cooler and more unsettled.

Five-day forecast

The western half of Europe will be warm and sunny with scattered thundery showers, but the northern half of the British Isles will be cooler and settled. Scandinavia will be unsettled but sunnier weather is expected by Tuesday. Central Europe will stay hot, but a cool north-easterly flow will affect Greece and Turkey.



Situation at midday. Temperatures maximum for day. Forecasts by PA WEATHERCENTRE

TODAY'S TEMPERATURES

Location	Temp	Location	Temp
Madrid	21	Paris	18
Barcelona	21	Rome	24
Berlin	18	Stockholm	14
London	16	Oslo	10
Amsterdam	16	Warsaw	16
Brussels	16	Vienna	16
Frankfurt	16	Zurich	16
Hamburg	16		
Munich	16		
Cologne	16		
Düsseldorf	16		
Dortmund	16		
Essen	16		
Köln	16		
Leipzig	16		
Mannheim	16		
Nuremberg	16		
Regensburg	16		
Salzburg	16		
Stuttgart	16		
Ulm	16		
Worms	16		
Würzburg	16		

Location	Temp	Location	Temp
Algiers	21	Beijing	18
Bombay	21	Buenos Aires	18
Calcutta	21	Delhi	21
Chennai	21	Hong Kong	21
Colombo	21	Kobe	18
Dhaka	21	London	16
Guwahati	21	Los Angeles	16
Hyderabad	21	Madrid	21
Jaipur	21	Moscow	16
Kolkata	21	New Delhi	21
Lahore	21	Osaka	18
Lucknow	21	Paris	18
Madras	21	Rangoon	21
Mumbai	21	Seoul	18
Nagpur	21	Singapore	21
Pune	21	Taipei	21
Rajkot	21	Tokyo	18
Surat	21	Yokohama	18

We can't change the weather. But we can always take you where you want to go.

Lufthansa

BUSINESS UNUSUAL.

Every Sunday at 6.30pm (19.30 CET)

The companies making waves today aren't the ones played by the old conventions. Introducing a new show on CNN that showcases business success stories born of inspiration, creativity and uncommon business leadership. Hosted by Lou Dobbs, broadcast worldwide.

In association with

ARTHUR ANDERSEN

BUSINESS UNUSUAL

CNN INTERNATIONAL

MADEIRA



The yacht marina at Funchal but to find the 'real' Madeira head for the north coast, wetter and even more rugged than the south and spared development because until the 1950s it lacked a road

Have some madeira, m'dear – but hurry

Contrary to what you might think, says Nicholas Faith, you need to be young and fit to visit the island

You have only got another couple of years to see Madeira at its best. Now, I know that people have been saying precisely the same for the past 500 years, ever since this island paradise was discovered, happily by the Portuguese, in the early 15th century. I say happily for the Portuguese do not go in for unnecessary improvement and, moreover, have the delightful habit of planting flowers wherever they settle and by the side of even the humblest road.

Outside Funchal, the island's capital, married by half a dozen lumps of concrete masquerading as up-market hotels, there are no houses more than a couple of storeys high, and virtually every building is crowned by soothing russet tiles. But they are extending the

airport's runway, and by the year 2000 mass tourism will start to have its effect, as will the new motorway around the island. Their combined effect will be to kill its biggest distinction – that it seems absurdly big for so small a place, because it is so crumpled a piece of geology, so dominated by steep green valleys and accessible hill-tops.

For although most of the island is covered in absurdly luxuriant vegetation there are two central plateaux reaching up to nearly 2,190 yards (2000 metres) where it is cold and bleak, rather like mid-Wales – although the sheep, with long horns and curiously patterned black and white coats, are far more exotic.

Madeira's more ordinary future can already be fore-

cast through the fate of its most famous monument, Reid's Hotel, once the genteel lodgings for generations of the Great, the Good – and above all, the Elderly – relaxing in the winter sun.

It is now just another luxury international caravan-sal, with the appropriately posh nosh and numerous swimming pools, but now surrounded by Funchal's concrete horrors. To give one telling example of its decay: the cucumber sandwiches are now made with thick, white bread.

Unfortunately, what I might call the Reid image of genteel decay has affected the popular perception of the island. In fact it is best visited by the young and the extremely fit, anxious to walk along the island's greatest glory, the thousands

of miles of irrigation canals, *lavadas*, each with its steep flower and shrub-bedecked paths, their trellises covered with grapes and, rather disconcertingly, with marrows and kiwi fruit, the ground underneath almost invariably planted with potatoes, the national (although rather tasteless) dish.

All this is a reminder that, thanks to its climate and its position at the cross-roads of the world's old sailing routes, Madeira houses an incomparable selection of the world's fruit and flowers best seen in the botanical gardens above Funchal (which also house the world's largest and noisiest collection of parrots).

To find the "real" Madeira head for the north coast, wetter and even more rugged than the south, spared

development because it lacked a road until the 1950s – you can still use the steep paths previously used to walk the 25km to Funchal.

Once you have schlepped down and back to visit the little plots of land by the sea and marvelled at the thousands of dry stone walls made out of the rather grim local basalt – a reminder that the island is an extinct volcano – you will never again complain that the locals are idle.

To see the island you should stay away from Funchal, hire a car and stay at one of the smaller hotels scattered around the island. But it is the vines that are Madeira's crowning glory. Many produce truly vile table wine, but a minority provide the raw material for one of the world's great wines, made in four types, named after the varieties from which they should be made: Sercial – dry and nutty; Verdelho – full and nutty; Bual – fermented fruit-and-nut plain chocolate – and the sumptuously sweet malmsey (which the Duke of Clarence is purported to have drowned in).

The grapes are treated pretty roughly, fermentation is stopped by adding brandy, then the fortified wine is heated and thus pasteurised which means that it is astonishingly stable. The only effect of age is to concentrate its tastes so that the older wines – and here we are reaching back to the early 19th century – taste distilled rather than fermented, and I preferred relatively young, still fruity wines dating back a mere quarter of a century.

You can see the vines everywhere, although the best come from Camera de Lobos, just west of Funchal, (known for Cabo Girao, one of the highest cliffs in the world), and from the more inaccessible slopes of the

north side of the island, where you can see the towers used to haul the grapes up hill in baskets dangling from cables.

The harvest is a long one because there are so many varieties of grapes and the vines are grown at such varying altitudes.

So at any time from mid-August to the end of September you should be able to see the grapes being carried in panniers (also no longer in goat skins) up the steep paths to the nearest road –

goes are the days when they went by sea. Most of the vines are owned by small holders but there's one spectacular exception, the vineyard recently planted by Henriques & Henriques, makers of some of the best madeiras, at Quinta Grande near Cabo Girao above a modern winery.

The most impressive set-up, including a museum, and some splendidly picturesque stores set inside an old convent, belongs to the Madeira Wine Company, owner of most of the best-known brands, like Blandys and Leacock's, but Ferreira d'Oliveira also has an agreeably musty set-up.

There is a bonus for those anxious for total relaxation before tackling the *lavadas*: Porto Santo, a small, sandy island reached in 15 minutes by a charming small aircraft from Funchal.

Porto Santo's only real asset is one of the world's great beaches, by its side a very agreeable hotel and a number of small restaurants serving delicious grilled fish and decent Portuguese vinho verde – but steer clear of the local plonk, it is truly dreadful. After a few days on this second island paradise, you will feel that you are fit to walk on the wild side. And, by the way, the reader who provides the best synonym for the inescapable cliché "island paradise" will be awarded a bottle of the best Sercial I can find.

One of the most remarkable sailing ships ever built isn't displayed in a dry-dock at a maritime museum. She is a four-masted, 29 sail ship, still at work on the open seas. The *Sy Sea Cloud* was originally commissioned by the tycoon F F Hutton for his wife, the heiress Majorie Merriweather Post in the late 1920s.

The Huttons set out to create an uncomparably opulent vessel and succeeded beyond imagination. Accommodated to the very finest things in life, Majorie Merriweather Post, underook the interior design of the yacht with a relish that resulted in the most luxurious of fittings – interiors are panelled in carved oak, fitted with Italian marble and elegantly furnished with antiques. Parquet floors shine and burnished brass still glows. Original marine oils grace the walls.

One of the largest sailing ships in the world, the *Sy Sea Cloud* is 316 feet in length. Her masts reach a height equivalent to that of a 20 storey building and 34,000 square feet of canvas unfurl to create one of the most magical marine sights imaginable.

Sailing with her today is as splendid and thrilling as it was 60 years ago when she was first launched. You will sail with just 60 fellow guests and once under way the *Sy Sea Cloud* provides an experience no conventional cruise ship can possibly emulate. We'll feel lightly as the wind fills our sails and overhead, vibrant crew members climb hundreds of feet among the rigging, setting and adjusting. The *Sy Sea Cloud*, though equipped with auxiliary engines, is capable of great speed under sail. Her broad yards and narrow beam account for an average cruising distance of over 150 miles a day.

How better to explore the beautiful islands of the West Indies, than aboard the most elegant tall ship ever built as she sails through Caribbean Sea on one of the world's most romantic journeys.

THE ITINERARY

Day 1 London Gatwick to Antigua with British Airways. Embark *Sy Sea Cloud* and sail Day 2 Day at sea. Sailing south past the



WEST INDIES Under Sail

CRUISING THE CARIBBEAN SEA ABOARD THE INCOMPARABLE SY SEA CLOUD

23rd January to 7th February 1999

Windward Islands to the lovely Grenadines. Day 3 Bequia. This delightful Grenadine island is totally unspoilt, a place of pure escapism in a charming old world atmosphere. Only seven miles by two it is a long way from the well beaten tourist track, a serene and peaceful island with some of the best beaches in the Caribbean. Day 4 Grenada. Morning at sea. In the afternoon explore this wonderful island, which many regard as the most beautiful in the Caribbean. It is a lush and verdant island with spice plantations, tropical forests, secluded coves, nature trails and select hotels which cling to the hillsides overlooking the Ocean. We will moor in the enchanting capital of St George's until midnight.

Day 5 Carriacou. Arrive at first light at Carriacou for a morning's visit. Land on the marvellous Anse La Roche and enjoy an afternoon in this paradise setting. Later sail around to the tiny capital, Hillsborough. Day 6 St Lucia. Morning visit to St Lucia's splendidly rugged island of towering mountains, lush green valleys and acres of banana plantations. We will moor in sight of the island's best known feature, the twin peaks of the Pitons, which rise dramatically from the sea to more than 2,400 feet. In the nearby town of Soufriere we can visit the bubbling sulphur springs, part of an ancient low lying volcano.

Day 7 Iles des Saints. This eight island archipelago, dots the waters of the south west coast of Guadeloupe. Still untouched by the hand of tourism these attractive islands offer lovely coves and beaches and

colourful fishing villages, populated by fair haired and blue-eyed descendants of Breton and Norman fishermen. Day 8 Antigua. Returning to Antigua we will have the day to explore this island which boasts some of the best beaches in the Caribbean. There will also be time to visit English Harbour and the historic Nelson's Dockyard.

Day 9 At sea sailing to the Virgin Islands. Day 10 Virgin Gorda. The British Virgin Islands are recognised throughout the sailing world as one of the finest sailing areas. The 36 islands and cays sit in a dazzling turquoise sea surrounded by beautiful coral reefs. We will drop anchor at Virgin Gorda one of the principal islands of this charming and unspoiled British Crown colony. Overnight Mooring. Day 11 Joost Van Dyke. Spend the morning cruising through beautiful island-dotted waters of the British Virgin Islands, then drop anchor at the little visited hideaway island of Joost Van Dyke. Day 12 St Martin. This morning we are bound for the French West Indies and the green, unspoiled island of St. Martin. Less well known and visited than its big sisters of Martinique and Guadeloupe, St Martin is a little oasis of Gallic charm. We will spend the afternoon here visiting its tiny yet sophisticated capital of Marigot. Day 13 St Barts. This day French West Indian island is proud of its reputation as a stylish and exclusive tropical resort. It is a very 'top drawer' place and the island's capital of Gustavia offers gourmet restaurants, street cafes and smart shops.

Day 14 St Kitts. Returning to the British Caribbean we will make a landing in the morning on the delightful island of St Kitts. This lovely island has all that, lush green fields of sugar cane plantations, rainforests and long stretches of unspoiled beaches. The atmosphere here is wonderfully relaxed and full of old-world charm. Day 15 Antigua. Disembark after breakfast and drive to a nearby hotel where day use rooms will be provided until your evening departure for London with British Airways. Day 16 London Gatwick. Morning arrival.

Prices per person from £3,325 sharing a double cabin to £6,895 for the Owners suite. Twin cabins for sale from £4,200.

Price includes: Economy class air travel London/Antigua return, 14 nights aboard *Sy Sea Cloud* on full board, port taxes, crew, day use rooms in Antigua, expedition leader, guest speaker, UK departure tax. Not included: Travel insurance, lunch on day 15, shore excursions, gratuities.

FOR FURTHER DETAILS

Telephone 0171-409 0376

(7 days a week during office hours)

Brochureline 0171-355 1424 24 hours

NOBLE CRUISE LIMITED

11 CHARLES STREET, MAYFAIR, LONDON W1X 8LE
Tel: 0171-409 0376/453 1424 Fax: 0171-409 0324
AOL E-MAIL: info@noblecruises.co.uk AOL 3108
WEBSITE: www.noblecruises.co.uk V221X

City of tricks

Continued from Page 1

rewarded as retrieved.

The return across the nearer bridge soon leads on through low houses and the quiet Campo di Ruga back to Santa Ana and the lively Via Garibaldi. Just beyond the gates into the gardens, in a courtyard off the narrow Calle San Domenico, the vanished birthplace of Tiepolo is marked. Right at the end, almost at the Riva, is a plaque to John Cabot and his son Sebastian, natives of Chioggia across the lagoon, who set out from Bristol to discover Newfoundland in the service of Henry VIII. And, ecco, there is the city again, San Giorgio and the Salute in the distance: but not quite yet.

Turn back a few yards, find now on your left the narrowest of alleys, the Calle del Forno, and you may play one of Venice's silly disappearing tricks. Coming or going, you cannot believe

there is a passage through, but there is. Out the other end and over the bridge finds you under the curtain wall of the Arsenal, the very image of Venetian power, in which in 1870, so it is said, 100 ships were completed within two months before the battle of Lepanto.

Soon you come to the entrance to the Tana or rope-shop, a quarter of a mile long and now used for exhibitions at every Biennale. It is magnificent Renaissance industrial architecture by da Ponte, architect of the Rialto Bridge, and to be savoured for itself.

There is talk, with the Italian Navy leaving, of restoring and opening more of the Arsenal to the public. For

now there are only tantalising glimpses from the passing *reporteros*. Now we are at the Land Gate with its pride of lions, and its classical arch of 1460, attributed to Gambello, the first truly

renaissance building in Venice. Here it was, in March 1295, that the Arsenal stormed through, and Daniele Manin achieved his short-lived republic. But it is time to go home.

There is talk, with the Italian Navy leaving, of restoring and opening more of the Arsenal to the public. For

WALKING HOLIDAYS
in the beautiful Dorset Alps SE of Lake Geneva, fully catered
• Accommodation in individual chalets with garden, pool and all facilities. Flexible programme set by owner of a small, well established company.
For more details and brochure contact:
Office 01746 72700
Email info@walkingholidays.co.uk
Web Site http://www.walkingholidays.co.uk TEL 01746 72700

Caribbean luxury and exclusivity.
Tailor-made luxury holidays.
Expert individual service.
Call now for new brochure.
CARRIER
Aspects of the Caribbean
01625 582881
www.carrier.co.uk

FREE

Dinghy sailing, windsurfing and yachting

- Brilliant watersports equipment • Waterskiing
- Free tennis • Good food and accommodation
- Great, all day kids' clubs

01705 222 222 (24hrs)
(OPEN MONDAY 10AM - 11PM)

Sunsail
BEACH CLUBS

http://www.sunsail.com Email: info@sunsail.com NEWCASTLE A70L 017

MEDITERRANEAN

Off the beaten wake on the seven seas

Whether you prefer stylish ports or scenic backwaters there is plenty of variety in the Med, says Bill Glenton

For waters that have been sailed ever since Noah launched the world's first cruise ship, the Mediterranean should be as familiar to seaborne travellers as the local duck pond. No other sea has been cruised so much for so long.

This year more ships than ever will carry hundreds of thousands around this all but landlocked floating playground. Yet most will plough the same deep furrows. Their calls will be as predictable as any on a postman's or milkman's round.

Tied down by mass public demand, size of ship (getting ever larger) and logistics (a handy international airport for fly-cruise passengers), their itineraries omit an awful lot of the so-called Mediterranean that can be fascinating – and certainly less crowded.

Fortunately there are a number of ships that do sail off the beaten wake – mainly the smaller, often smarter and more interesting vessels. However, to better appreciate their advantages you need to cast off that over-generalised description "Mediterranean cruise".

As any atlas shows, this Middle Sea is really seven seas. Each makes a unique cruising area – on its own or with adjoining waters. There is the Ligurian tucked away between the French and Italian Riviera; the Tyrrhenian bounded by southern Italy and its big islands; the Ionian between Greece and the toe of Italy; the island-strewn Aegean; Adriatic with its long Dalmatian coast; and the Mediterranean proper. For practical purposes the latter needs to be split into west and east.

Pardon the geography lesson, but distinguishing them helps one to better match an area to personal taste. As I explain in the separate listings below, each sea has its own special appeal and its own particular ships.

Your choice can range from a round of stylish harbours such as Monte Carlo, Cannes, Portofino and Costa Smeralda, to sailing to little-known, ancient ports and anchoring in secluded coves for beach barbecues and swimming off the ship. Added attractions with several of the vessels are their lecture-guided themes – archaeology, botany, art, music, wine and cuisine.

These what you might call Mediterranean backwaters are also the favourite seas for that comparatively recent phenomenon, sailing cruises. There are now nearly 10 such vessels which find these more compact, less busy areas suitable for their more relaxed style of seagoing holiday. Most have a good standard of comfort, service and



meals. Whatever the type of ship, many convey that "private yacht" intimacy. But if you want it in full there is a wide choice of small craft, such as Turkish gulets. Carrying between six and 20 passengers there are a growing number of more luxurious gulets with private bathrooms and high quality food.

LIGURIAN
The smallest of them all – but none is richer in smart-set ports. Its waters wash the shores of the Côte d'Azur and the Italian Riviera. Cruise itineraries read like a roll-call of fashionable resorts – Monte Carlo, Cannes, Nice, St Tropez and Portofino.

These cruises can also include Livorno (for Florence and Pisa), Ilva Rousea, Elba, northern Corsica and Byron's old stomping ground, Portovenere.

Some of the ships are as smart as the resorts. The top-class *Seabourn Legend* and the *Radisson Diamond* do full cruises there. Among those including it with nearby seas are the high quality *Sea Goddess I*, *Seabourn Spirit* and *Silver Wind*.

New this year is the *Monet* with only 56 passengers. It com-

bines this sea with the Tyrrhenian. No less than six sailing yachts including all four "wind ships" (one new this year), ply these waters, as do the *Star Clipper* and the German-owned *Lilli Marlene*.

IONIAN
Modern tourism has placed this firmly on the Greek side but ancient like Odysseus knew better. It stretches all the way from Sicily, past Italy's heel to the Peloponnese, making it a key-stone for many off-beat cruises.

You see how the Greeks got around when visiting Taormina, Sicily, and its ancient ruins. On the opposite side you can call at Odysseus' island of Ithaca, along with Zakynthos, Cephalonia and Corfu. Nearby mainland visits offer a chance to see Olympia or consult the Delphic Oracle. The Ionian is always included as part of cruises elsewhere but the *Radisson Diamond* and the sailing ship *Wind Spirit* spend more time in it than most.

TYRRHENIAN
You could call this Italy's own super boating lake. It is almost entirely bordered by that country's boot and its islands Sardinia and Sicily with just French

Corsica tucked in the north-west corner. It is its sprinkling of little islands that makes it so tempting.

While the big ships stick mainly to obvious ports such as Naples and Palermo, the small ones head for such charming spots as Isola Ponzia, Isola del Giglio, Lipari, Stromboli, Ischia

and Capri. Several also include the gulf palace harbours of the Costa Smeralda and Port Cervo. That ancient, almost landlocked, port of Bonifacio in Corsica, is also a favourite.

Most of the smart cruisers include the Tyrrhenian with adjacent waters. They include the *Silver Wind* and *Silver Cloud*. If you seek a more complete Italian experience, a couple of Seabourn ships, a *Sea Goddess* and the *Radisson Diamond*. Sailing vessels such as *Star Clipper* and "wind ships" spend more time in this sea.

AEGEAN

None of the seas is more compact and has so many attractive harbours as this, which explains why it is by far the most popular. Cruise ships criss-cross it like rush-hour buses and pack the more popular ports.

It will not be that easy but you can avoid some of the tourist hordes by choosing a few cruises that take in more of the less well known islands and by going in early spring or late autumn. No need to list the ships – they all go there.

ADRIATIC

With its hundreds of islands and fascinating old mainland ports this sea's Dalmatian coast was always a big lure until the civil war ended cruising there. It has only recently begun to be visited again by sea and still only by a few ships. Now is a good time to go.

The key call by ships large and small is Dubrovnik, where war damage has been mostly

repaired. A few cruises also include Split and several are returning to the charming islands of Hvar and Korcula.

Many ships do cruise the Adriatic but, mostly, non-stop on their way elsewhere to and from Venice. None visit the lengthy Italian side, scintillating less appealing and where the water is shallower.

Best of the ships making a more complete Dalmatian cruise is the *Seabourn Legend* while the newly refurbished, but less smart, *Dalmatica* also covers it well. The *Radisson Diamond*, *Silver Wind*, *Sea Goddesses* and *Song of Flower* include it with other areas.

WEST MEDITERRANEAN

This is definitely the area to cruise if you want a richer ethnic experience. Its longer voyages take in Spain, France, Italy and North Africa. There are also these islands with their own cultures – the Balearics, Sardinia, Sicily and Corsica.

On most trips calls are made to large as well as cozier harbours, but in waters as spacious as these you rarely find cruise congestion.

The best chances of finding peaceful nooks and crannies lie

aboard the sailing ships that love this area. Almost all the ships so far listed can be found there.

EAST MEDITERRANEAN

Stretching all the way from Malta to the Middle East there is all the room you need for an escapist cruise but, sadly, not enough of the right kind of ship or places to visit. What ships there are mainly visit the southern Turkish coast and it is best if you are a tall ship or gulet fan. Almost all the vessels concerned are sailing ones, from square-rigged to schooners.

The more conventional small kind, for some reason, are avoiding this area this year. I suspect it is because Americans (the US is the big market) are nervous of Middle Eastern and Egyptian troubles. Sail ships to consider are *Star Flyer* and *Lilli Marlene*.

THEMES

Worth a separate mention is the British-owned, and largely British-booked, *Minerva* of Swan Hellenic. Not only does it visit nearly all the seven seas but it takes in many more out-of-the-way harbours to get passengers to remote places to pursue interests as varied as archaeology and botany.

Skyros is a tiny Greek island in the Sporades where Theseus was murdered and Achilles, dressed as a girl, hid in the court of King Lycomedes. Today it is a place where myth and history are inextricably linked.

It is also the place where, 19 years ago, Doctors Dina Glouberman and Yannis Andriopoulos decided to establish holiday centres to promote a holistic approach to life. In the village of Skyros participants have rooms in family homes; at Athisia, nine miles away, "bed-rooms" are bamboo huts in a pine forest edging the sea.

When we arrived at the Skyros Centre after a night in Athens and a six-hour journey, candlelit tables were laid for dinner on a terrace overlooking a plain with the sea beyond.

Of myth and history

Angela Wigglesworth finds Brooke's corner of a foreign field

Niko Sikkes, the administrator, welcomed us and showed us to our rooms – ethnic or modern, we had been given a choice when booking. Mine, entered from the street, had whitewashed walls, copper trays, ceramic dishes and blue glass jugs. The toilet and shower below adjoined the home of my landlady.

Herbs grew in pots on my little balcony which had a view of the distant mountains, and every evening the landlady came to water her plants and chat while I tried out a few newly-acquired Greek words. When I returned from the beach

each afternoon, I would find some home-made pastries left on the table.

The courses – three usually running concurrently – were held each morning at the centre, a traditional villa with pink bougainvillea and pale blue plumbago covering the walls. Fig, almond and pomegranate trees shaded the terrace.

The subjects covered included personal development, healing, Alexander Technique, Tai Chi, image work, myths, music, writing and theatre workshops. Facilitators included playwright Andrew Davies, psychiatrist Robin Skynner, novelist D.M. Thomas, humorous writer Sue Townsend and US novelist Alison Lurie. Among my fellow participants were a doctor, lawyer, architect, accountant, computer programmer, social worker and midwife.

Most were on their own, but it was a companionable place and if you wanted someone to go out with of an evening, you went to the general meeting place – the old almond tree on the terrace.

The days soon fell into a pattern: optional yoga and dance before breakfast; demos, where we would hear plans for the day and speak of anything we had enjoyed or were concerned about; and daily chores (preparing vegetables for lunch, sweeping floors, clearing tables) which were shared – the idea is to create the atmosphere of home, not a hotel.

"If you have staff who do everything, you immediately have a separation between

people cleaning and cooking and those who can afford to pay," Niko told me. "When you're chopping onions or scraping carrots, you step away from superficial talk, relax and are yourself." It was true and we – the preparers of vegetables – felt it would be good to take the kind of community we had created back to our everyday lives.

Courses took up the rest of the morning with afternoons free to swim, lie in the sun,

Houses, tavernas and shops cling to the sides of a castle-topped mountain

or explore the island.

From the sea, Skyros (22 miles long and nine wide with a population of 3,000), looks barren and unpopulated. But the little port of Linaria has an attractive harbour, a few shops and cafes, and the village of Skyros is a delight.

Cube-shaped houses, tavernas, tiny shops – treasure troves of silver and glass, jewellery, embroidery, ceramics, and child-size, carved chairs – cling to the sides of the mountain that is topped by a Byzantine castle and monastery. It is a friendly village. In his small shop, Mike Themelidis brewed me some strong coffee.

And every day 92-year-old

Barba Stammatidis walked with his stick up the winding streets or sat smiling in a taverna, wearing the Greek national clothes he delighted to show you if you expressed any interest in photographing him. Only mules and Skyrian ponies clattered up and down the smooth often slippery stones of the steep narrow streets.

Above the town is a statue in memory of Rupert Brooke, the first world war poet who is buried on Skyros. Apparently the model for the statue was the town prostitute and local people so dislike it that, on formal occasions, offending parts are covered in drapes.

Close by is a museum showing how Skyrian life was lived. Anastasia Palaitis owns and runs it with her husband and tells you about the folklore woven into the embroidered clothes, ceramic ware and traditional dolls. They have no government financial help and need money to expand the museum and work on the theatre they have built overlooking the bay.

One day we took a boat to a sandy beach in the north of the island where, on a grassy hill, a tiny chapel stands and slabs of pink-flecked marble, old as time.

Nikos, the boatman, plucked mussels from the sea and provided ozo for us, and we had dinner at the only taverna there. It was run by Kalope, a remarkable woman who cooked, cared for two handicapped sons, and looked after the goats, sheep, chickens and turkeys roaming the beach;

her husband brought in the fish. On the way back, Nikos stopped the boat and it rocked gently as the sun sank, a golden ball on the horizon, a gold-pink light on the darkening sea.

We drove to Rupert Brooke's grave and listened to a contemporary account of how his fellow officers (all to die in the following months) had brought his coffin ashore to this quiet olive grove, Brooke's "corner of a foreign field".

One afternoon, we drove across to Athisia where the courses are shorter and there are more of them, and walked back through a pine forest and along unmade roads. As we neared Skyros, the village looked like a mountain of stars in the darkening night.

A Skyros holiday can be addictive and some people return every year. Others find the first experience so memorable, they do not come back in case the second does not match up.

"Skyros is a kind of laboratory where you can try to solve a problem in a new way in a place where it is safe to do so," Niko told me. "We like to help people find the tools they need not to get lost in their own labyrinth. If they can get a new insight into themselves through what we do, I believe it will ripple out and create a whole new direction in life for them."

The island is beautiful and unspoiled but there seems to be some other Skyrian magic at work which inspires people to reveal what they are most vulnerable about and turn the experience into a healing one.

More information from The Skyros Centre, 92 Prince of Wales Rd, London, NW5 2NE. Tel: 0171-284 3063. Fax: 0171-284 3062.

Pride of Britain
CHOSE THE
LEISURE EXPERTS
Pride of Britain House is spacious with quality and elegance. Britain's finest privately owned hotels in the most beautiful locations.
For your free personal copy of the 66 page full colour
Pride of Britain brochure call:
(01264) 324400
E-mail: pride@pride.co.uk
Web site address: <http://www.prideofbritain.co.uk>
Making your leisure time special

A WORLD OF ELEGANT RESORTS
SARDINIA
Hotel Pizzana, secluded, relaxing and very stylish. 4 nights half board from £2049.
EUROPE BROCHURE
01244 897 777
BALI
Spacious courtyard villas and a superb beach at the Four Seasons Resort, Jimbaran Bay. 7 nights from £1965, meals extra.
WORLDWIDE BROCHURE
01244 897 888
GRENADA
Spice Island, an attractive, relaxing resort with a wonderful shore-line setting. 7 nights half board from just £1140.
CARIBBEAN BROCHURE
01244 897 999
Printed on 100% recycled paper and with very little use of ink and dyes.
Elegant Resorts
LUXURY HOLIDAYS AROUND THE WORLD
ATA 0171 284 3063

The ultimate
blue water
experience
For the ultimate deep sea cruise experience, sail to St. Helena, Ascension Island and Cape Town on the 7,000 ton luxury cargo liner RMS St. Helena.
● Four-star air-conditioned, stabilised luxury (Raffles Cruise, 1997)
● 4,500 mile trans-oceanic voyage/cruise to the tropical south Atlantic
● Visit Napoleon's tomb and his home in exile
● See St. Helena's unique flora and fauna
An opportunity to explore tropical islands, for flying the world's largest passenger plane, the Concorde, and to see the world's largest cruise ship, the Queen Mary 2, all in one trip. We offer a unique variety of 10 cruise options, from 23 days to 40 days, all year round, with starting prices from £2,105.
Call or write now for our latest brochure and begin the experience of a lifetime.
Tel: 01326 211466
Fax: 01326 212808
RMS St. Helena
ATA 0171 284 3063

MEDITERRANEAN

A culture that sets the Catalans apart

Nicholas Woodsworth is touched by old ballads sung with simple patriotism and emotion

Frontiers come and go, in this age of great European change, with confusing rapidity. "Where is the border?" I asked a man tending his grape-vines on the winding Mediterranean coast road between the towns of Cerbere and Portbou.

The last time I had passed this way, in a distant pre-Maastricht age, there had been barriers, uniforms, questions, passport stamps. They had all vanished - now there was nothing but rocks and steep terraced vineyards and the bright blue sea far below. Was I still in France, or had I already crossed into Spain, I wondered?

The man answered me in neither French nor Spanish, but a language full of clipped, unfamiliar consonants. I understood none of it but realised, none the less, where I stood. The land here is like a palimpsest, an old manuscript written and rewritten on again. With the most recent surface markings of the border removed, older, fainter, original markings below are revealed. I was, of course, in the country of the Catalans.

Who, heading down the motorway from France, has ever stopped in Girona, the provincial Catalan city on the southern side of the high barrier of the Pyrenees? I had roared past it half-a-dozen times without a thought, hell-bent for the cosmopolitan pleasures of Barcelona. This time, late on

a chilly autumn afternoon, I pulled off the highway and into an evening full of surprises. There was mist drifting over the River Onyar as I made my way over a narrow foot-bridge, past high, sombre rows of houses squeezed onto the banks there, and into Girona's medieval quarter. The alleyways that ascended the hill were steep, meandering, and in the dim

Teenagers in the crowd were as worked up as the grannies beside them

fast-falling light of day, entirely mysterious. I made my way through deserted squares surrounded by massive stone arcades. On I went, my footsteps echoing up cobbled ramps and flights of steps. There were massive Roman walls and gates, defensive towers, a stone-carved Moorish bathhouse, silent convents. In one dark street, spookier and more medieval than even the most hardened medievalist might wish, was a brass plaque commemorating the 14th century birth there of the masters of the first Jewish cabal in Iberia. Why I wondered, a little panicky, was there not a soul about? Almost without warning, I

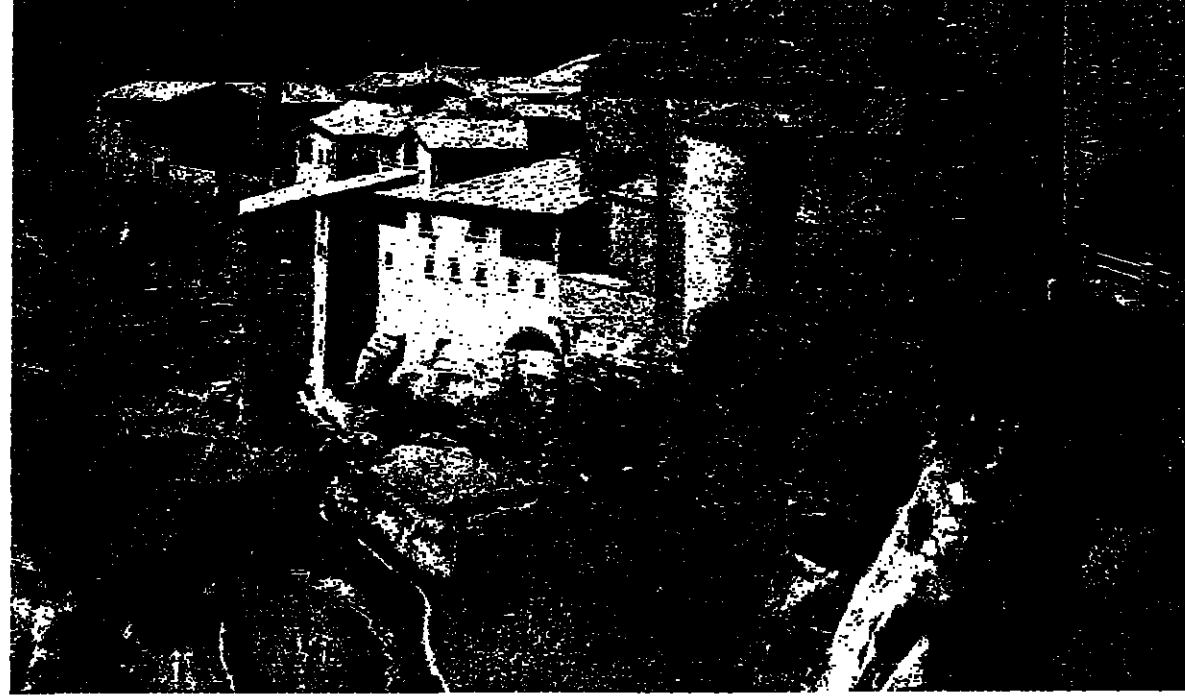
emerged into a plaza giving on to a great cathedral. A soaring building of carved cornices and overhanging gargoyles, it was wholly unexpected. Who, in the unsung town of Girona, would imagine the largest single-naved Gothic vault in the world?

But it was the vast crowd crammed onto the cathedral's magnificent rococo 17th century stairway, three long stone flights of clapping, cheering, singing Gironins, that took my breath away.

Normally, it takes a fairly savage rock band to get a crowd going the way this crowd was going. But on the spotlit stage at the bottom of the stairs I could see the group that had got Girona's blood up - five mid-looking, rotund and middle-aged gentlemen singing old ballads.

Slow, emotional, swelling with sentiment and patriotism, this was the kind of music that makes most young people head fast in the opposite direction. Yet the teenagers in the packed crowd here were as worked up as the elderly grannies beside them. Singing and swaying in unison, their breath rose in steamy clouds into the now cold night air.

Sophisticates in Barcelona will tell you that Girona is a solemn lot, parochial and conservative in character. Gironins, on the other hand, pride themselves on being the most Catalan of all people. Indeed, the city's celebration that evening of its



Catalonia: its villages still share traditions older than that of France or Spain

patron, Sant Narcis, and of its *Catalanisme*, was far from solemn.

In packed cafes, merry-makers downed *rosé* wine and *pa amb tomaquet i pernil* - thick slabs of country bread doused in olive oil and garlic and topped with tomato and cured ham.

On the riverside promenade students gathered for a dazzling *baucada*: dressed as sharks, and other Mediterranean denizens, beating drums frenziedly as they went, they made their way past smoking braziers of

fragrant roast chestnuts and stands selling mountain cheeses and honey.

It was only after midnight that a fair got into full swing under the towering plane trees on the far side of the river. I had no desire to ride the Giant Octopus, but I did rather fancy the games of chance. In other places winners walk away with cuddly stuffed animals; Gironins take things more seriously, and instead walk off proudly with large hocks of ham slung over their shoulders. I might even have won a

ham myself if I had stayed on into the small hours of the cold Catalan night. But I was determined to get some answers in a language I could understand. Up early the next morning, I headed north again. I stopped only when I arrived in Neflach, a small French village beneath the Pic du Canigou, the snowy Pyrenean mountain revered by Catalans on both sides of the border.

Neflach is the family home of friends of mine, Bernard and Francis Farines. Bernard lives in Provence, his

brother Francis near Toulouse. But every autumn they return to Neflach with wives, children and friends to nourish their Catalan roots, to speak their language, and to indulge in an old festive tradition, the *caragolade*.

On a sunny terrace bordered by palm and grapefruit trees, the brothers had set a grill over glowing coals. Who could resist small garden snails fed for four weeks on sweet thyme and rosemary, then cooked in their shells with a drop of

melted pork fat? I was not going to be outdone by Olivia and Melodie, Bernard Farines' two little snail-munching girls, and tucked in with equal gusto.

They were delicious. Between bites of snail and sips of Rivesaltes, the celebrated sweet muscat wine of the area, we talked about Catalan life.

French Catalans, of course, have not experienced the repression Spanish Catalans lived through under Franco. Nor does their culture benefit today from the same official linguistic status and political semi-autonomy that is enjoyed by the much larger population of Spanish Catalonia to the south.

Yet their language, their traditions, and their history, Francis assured us as we all set off a little later for a walk in the hills above Neflach, are the same. If provincial cities with forgotten glories like Girona remain proud, if long-departed brothers continue make pilgrimages to small villages like Neflach, it is because these places still share traditions older than either France or Spain.

Catalonia, I discovered as we walked through wild fig trees and long-abandoned olive orchards, has the oldest flag in Europe. It established the first parliamentary government on the continent. As a powerful maritime nation, it once ruled Corsica, Sardinia, Albania and much of Greece. Famous for its sea-faring, trading and mercantile skills, it was, above all, a nation with a sense of identity that was proudly Mediterranean. Such sensibilities still set the Catalan people apart today.

We came to the top of a rise, and, under a clear, luminous sky and the buffeting of that celebrated Catalan wind, the *tramontana*, glimpsed the sea far away. Somewhere along that coast an international frontier began its long hilly march inland. From up here, though, it did not seem to matter exactly where.

All travel experiences are subjective. Unless you are unobservant to the point of unconsciousness, a given city, landscape or shoreline may seem different - less or more appealing - from one hour to the next. The weather can be a factor. Or which side you got out of bed.

This may be why some

The growing pull of a villa holiday

Michael Thompson-Noel on a company which has clocked up 30 years in the business

people return regularly to the same holiday spot, or spend good money on the same type of holiday - even formulaic ones - year in, year out. They are not being

perverse. What they have discovered is that the pleasure of returning to familiar places can be as intense as the novelty of the unknown. Some of the best holidays I

have had have been in three of the Balearic islands of Spain: Ibiza, Mallorca and, more recently, Menorca. By coincidence, each of those holidays was formulaic in

the extreme - yet none the worse for that.

All three were villa holidays organised by a UK company, Meon Travel, whose business formula is so well established that this year marks its 30th anniversary.

Nothing could be simpler: for the price of your holiday you get a villa (or house or apartment), your flights (at non-busy times of the week), a hire car, maid service, resident Meon representative in each destination, and (almost always) a swimming pool of your own. There may be other elements, such as discounts for off-peak travel, but the basic package does not vary.

As world population sprouts past 6bn, you might wonder whether Meon-type villa holiday destinations, which are particularly concentrated around the Mediterranean, won't become hopelessly expensive as the shores of the Med become blanketed by four- and five-star villas complete with maid and private pool.

That won't happen for a long time, says Susan Williams, the Meon group's marketing director. Apart from Meon, the two other businesses in the group, which is owned by the Oliszewski family, are Longshot (golf holidays) and Silk Cut Travel. Williams says Meon's sales of villa holidays last year were 25 per cent up on 1996, confirming recent trade research indicating the growing popularity of villa holidays.

Portugal's Algarve coast

was easily its most popular destination last year, accounting for almost a quarter of bookings, but strongest growth, it says, was shown by the Dordogne, Corfu, Mallorca and Malta/Gozo.

Gozo is a small island off Malta, reached by ferry. I haven't been to Gozo, but Meon's properties on the island seem to combine rusticity and extreme comfort - even luxury - in an interest-

charge is a bit lower for a larger party (Razzett Hamiema sleeps up to eight), higher for a smaller one.

The best performer among new villa destinations featured by Meon last year was Tuscany. As a result, the operator has revamped and expanded its Tuscan villa choice for 1998. So far, says Williams, sales overall for the current year are 32 per cent up on last year, with Mallorca, Corfu, Malta, Menorca and the Dordogne doing particularly well.

The company's latest brochure has a total inventory of about 600 properties. "We manage to retain about 65-70 per cent of our properties from year to year," says Williams. "The main reasons particular villas drop out of the brochure are divorce or death of the owners, or perhaps a decline in the attractiveness of the property itself."

Other villa destinations featured by the company include the Spanish Coast, Florida, Halkidiki, Lanzarote, South Africa and the Caribbean's St Lucia.

Is there a danger of the Mediterranean villa market becoming saturated? "Not for a long time," says Williams. "There's almost endless scope for development. Although Meon is generally seen as an upmarket operator, in 1996 we decided to push it a little bit higher still because the cheaper end of the operation was not performing as well as the four- and five-star end."

"Nevertheless, 25 per cent of our offerings are still

what we rate as three-star. Fifty per cent are four-star and the remainder five-star or de luxe."

"Paradoxically, our move up-market has shown there is no shortage at all of upscale villas available to rent. People think we have a slightly older image, but last year 23 per cent of our bookings were children. Children are especially pleased by the notion of a private swimming pool. A survey showed they felt very possessive and territorial about 'their' pool."

After Mallorca, Menorca is the second largest of the Balearic islands, and is an extremely restful spot: not as brash or built-up as parts (mainly the south) of Ibiza, nor nearly as mountainous and stunning as most of Mallorca. But it has its charms, one of the most obvious ones being the port and city of Maó.

Mare de Déu de Gràcia, Maó's principal festival, takes place early in September, while the city's musical activity, states a particularly potty guidebook, "centres around the organ of Santa Maria". Whether it does or not, I wouldn't actually know.

Costume jewellery manufacturing is Maó's main activity, says the guidebook, but there is also a cheese factory and a gin distillery. Maybe so. But tourism is far more important to Maó than cheese or gin, its most significant attraction being the port's mile or more of restaurants. You could eat in 50 different ones and not be disappointed. In this respect, I doubt whether any island in the Mediterranean quite rivals Menorca.

Meon Villas, brochure requests: tel 01730 230370

Only those interested in travelling on small ships should read on... The newly launched MY Monet is to our minds the perfect ship, in the perfect place and at the perfect time. September and October are excellent months in which to enjoy this wonderful stretch of Italian coastline. The summer crowds have dispersed and yet the weather should still be warm and perfect for exploration.

The intimate and private yacht-like Monet with her thirty luxuriously appointed outside cabins offers the ideal environment for a coastal voyage from Nice to Rome.

Along the Ligurian Coast we will visit the impossibly beautiful Portofino and Santa Margherita and from Viareggio we have the opportunity to spend the day in Florence. Leaving the coast of Tuscany we will head for the delightful islands of Elba and Ischia and call into the Neapolitan port of Amalfi. The dramatic and beautiful Amalfi coastline has inspired poets and travel writers through the ages and a drive along its ever twisting and cliff-hugging road offers a view of some of the finest coastal scenery in the world.

From historic Amalfi we sail across to Capri for an evening mooring and morning exploration before making our way to Rome's Civitavecchia where our cruise will end.

MY MONET

The Monet is operated by Leisure Cruises, the Swiss Line and has been specifically designed for coastal cruising, recognising the increasing demand for small, well run and comfortable vessels. Obviously, she offers a very different experience to that provided aboard the large resort style ships. There are no floor shows, entertainment staff or any of the regiminated events found on larger vessels.

What you will find is a superbly run ship offering excellently prepared meals and with only a maximum of 56 passengers on board, peace and quiet, leaving you free to enjoy the incomparable beauty of some of the loveliest places in Italy.

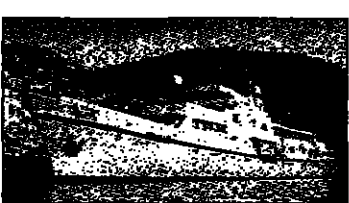
Spacious passenger cabins are located



ITALIAN COASTAL CRUISING

FROM THE COTE D'AZUR TO ROME ABOARD THE ENCHANTING 56 PASSENGER MY MONET

13th & 20th September 1998
11th & 18th October 1998



over three decks and have outside views. They are finished with beautiful hardwoods and quality fabrics and offer TV, VCR, multi-channel music, telephone, individual climate control, generous wardrobe space and a private shower and toilet. Other facilities include: single sitting dining, large comfortable lounge and bar, shop, fitness room and clinic. On the Sun Deck there is a Jacuzzi, splash pool and spacious areas for relaxing and reading.

THE ITINERARY

Day 1 London Heathrow to Nice by scheduled flight. Drive to the MY Monet and embark in the mid-afternoon. Sail during dinner.
Day 2 Santa Margherita & Portofino. Spend the morning in the lovely resort of Santa Margherita. Sail around the promontory during lunch to Portofino, surely one of the most perfectly sited villages imaginable, with its colourful, yet restrained huddle of pastel coloured houses, shops and restaurants. Sail at midnight.
Day 3 Viareggio for Florence. Spend the day relaxing in the resort of Viareggio or take the full day tour to Florence, the endlessly captivating cradle of the Renaissance and home of Dante,

Machinelli, Michelangelo and the Medici.
Day 4 Elba. Probably best known as Napoleon's place of exile, the island of Elba, has mercifully been saved for the most part from the hand of the tourism developer. It is a charming island with lovely beaches, interesting small towns and mountain walks.
Day 5 Ischia. A relaxing morning at sea. Arrive after lunch at the largest of the Grotto di Napoli Islands, Ischia. First colonised by the Greeks in the 8th century B.C., this verdant volcanic island is famous for its therapeutic thermal springs and as a holiday island. Away from the main resorts are some picturesque untouched villages. Moor overnight.
Day 6 Amalfi and Capri. Spend the morning in Amalfi, a charming town and resort with a fascinating history. Climb the steep steps to the impressive Duomo Sant' Andrea and explore the narrow alleys and lanes which cling to the cliff-sides. Sail during lunch to Capri, arriving in the late afternoon. Moor overnight and enjoy an after dinner walk along the Marina Grande.
Day 7 Capri. Stroll around Capri Town or take a tour to the famous Blue Grotto and Villa San Michele at Anacapri. Sail after lunch. Afternoon at sea.
Day 8 Rome to London Heathrow. Disembark at the port of Civitavecchia after breakfast and visit the 'Eternal City' before joining the afternoon scheduled flight to London.

"Itinerary operates in reverse order from Rome to Nice."

Prices per person range from £1895 sharing a category 'C' cabin to £2220 sharing a category 'A' cabin. Single cabins from £2385.

Price includes: Economy class air travel, 7 nights aboard the Monet on full board, port taxes, transfers, UK departure tax, airport taxes. Not included: Travel insurance, shore excursions, gratuities.

FOR FURTHER DETAILS

Telephone 0171-409 0376

Brochureline 0171-355 1424 (74 hours)

NOBLE CALEDONIA LIMITED

11 CHARLES STREET, MAYFAIR, LONDON W1K 4LE

Tel: 0171-409 0376/355 1424 Fax: 0171-409 0354

AGL E-MAIL: info@noble-caledonia.co.uk

3106 WEBSITE: www.noble-caledonia.co.uk

2121

ULTIMATE
NEW ZEALAND

Huka Lodge, Taupo. Just one of our luxury properties.

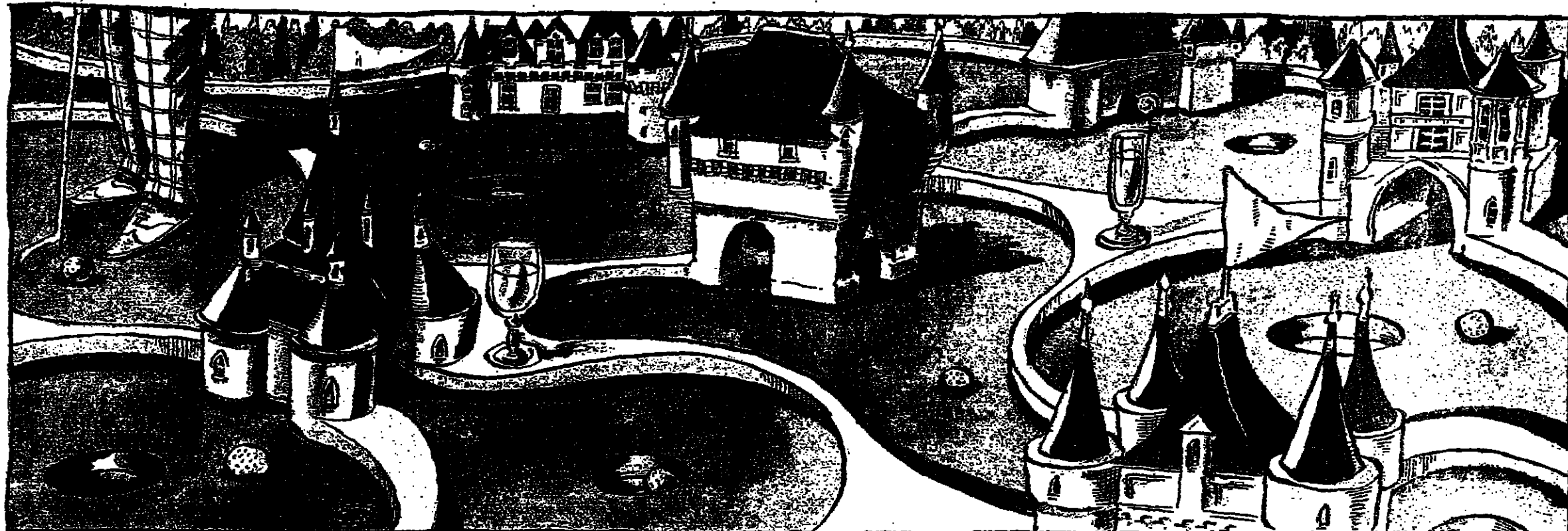
TRAVEL
PORTFOLIO

Contact us for a bespoke itinerary.

Tel: 01284 762255 Fax: 01284 769011

15 CHURCHGATE STREET, BURY ST EDMUNDS IP33 1RL ABTA:V5732

GOLF BREAKS



Fancy tee-time in France?

Fed up with hearing about soccer's World Cup? Get away from the football fans by taking a golf break, says Stephen Roe. With more than 500 courses – 200 have been built since 1990 – the country has more to choose from than any other in continental Europe

Our host, Comte François de Valbray, served aperitifs to a weary four-ball on the lawn as we basked in the early evening sunshine of western Loire, listening to the gentle sounds of Mozart's *Lullaby* wafting across from the elegant hallway of the 18th century Château des Briottières. This was no ordinary golfing holiday.

I had been persuaded to visit this rural corner of France with the promise of challenging and uncrowded golf courses, fine wines and gourmet cuisine.

I had not been disappointed. The opportunity to stay as a house guest of French nobility in such elegant surroundings had been an unexpected bonus.

Located conveniently close to the Anjou Golf and Country Club, the Château des Briottières, at Champigne, has been the home of the de Valbray family for six generations and is crammed with antiques and family mementos displayed under ornate chandeliers.

Struggling with a penal taxation system and a sagging economy, the de Valbray family has joined scores of other prestige country home owners in western France by providing *chambres d'hôtes*, welcoming paying guests for bed and breakfast and wholesome, home-cooked meals.

I can think of nowhere else in

the world where I could enjoy such elegant surroundings and charming company in between my games of golf. And at today's exchange rates it is remarkably good value, with double rooms typically available in such properties from around £50 a night.

Benefiting your host can have enormous advantages. Not only can he introduce you to the best golf clubs, but also to good local restaurants, wineries, equestrian centres and even little known fishing spots for those seeking a break from the golf course.

It helps to speak a little French, although it is by no means essential. However, you do need a car, since most of the golf courses are in quite remote parts of the countryside and public transport is non-existent.

Western France is a tranquil haven which does not attract the package holidaying crowds from northern Europe who dominate the fairways and greens in the Algarve and southern Spain. Convenient tee times are rarely a problem, green fees from £15 to

£35 a day are good value, and the frustrations of southern Europe's notoriously slow six-hour rounds are unheard of in this part of the world.

With more than 500 golf courses (200 have been built since 1990) France has many more than any other country in continental Europe. But the game has never really caught the imagination of the French. Less than half of 1 per cent of the population plays golf, compared to around 5 per cent in the UK. Those who do play are not keen on early starts, when the enthusiastic British are raring to go.

As a result, most of the courses are under-utilised and visitors are welcomed with open arms. The French have a relaxed attitude to the game, with none of the pomp and traditions so steadfastly adhered to in many British golf clubs. Even during the evenings clubhouse attire is informal.

After enjoying the typical perched course layout of the Anjou Golf and Country Club, my next

stop was Golf de Sablé-Solemes, a challenging and hilly 27-hole course, divided into three quite distinctive nines, with some enjoyable elevated tee positions. This relatively new course has been built between the River Sarthe and the Forest of Pine,

language golfing terms including bunker, fairway, green, handicap and even dog-leg. But they still refused to utilise the traditional warning of shouting "fore", which could be quite disconcerting when they hit an errant shot.

Close by is the elegantly restored 17th century four-star Château de Noireux, a Relais & Châteaux property, where owner and chef Gerard Come has a reputation for creating some of the finest cuisine in the area, which is no easy feat in a region renowned for good food.

Golf de La Bretesche, at Missillac, a short drive from the stylish beach resort of La Baule, is a mature 6,700-yard course carved out of a 2,600-acre forest, with several holes played around a traditional old château, using the original moat as a natural water hazard.

Half way round, in a shady woodland clearing between green and tee, I was greeted with a glass of chilled Muscadet and encouraged to linger for a while to enjoy a fresh oyster or two,

which I was assured would do wonders for my golf swing. It knocked spots off the sausage rolls at Sunningdale.

Converted from the château's old farmhouse and outbuildings, the newly refurbished three-star Hotel de La Bretesche overlooks a secluded lake and is just a short walk from the first tee.

South of St Nazaire, Golf de St-Jean-de-Monts is one of the region's most challenging and contrasting courses with nine holes played along the coastline in traditional Scottish links style and the other nine carved quite tightly through a sandy forest.

Between Nantes and Saint-Nazaire, the 6,990-yard, par-73 Golf de Savenay winds around small lakes, open valleys and woodland on the Loire estuary. Close by is the three-star Le Manoir du Redon, set in five acres of landscaped and terraced gardens.

Less challenging, but much better for my ego was the 6,680-yard Golf de La Baule, a more conventional parkland resort course built in 1976 by the Lucien

Barrière hotel group, primarily to provide priority facilities to the guests of its luxury beach hotels in La Baule. The clubhouse restaurant is a gem.

When it comes to golfers' cuisine the French leave us standing. While most British clubs regard the provision of basic food as a necessary and loss-making evil, the French expect the quality of their clubhouse food to be just as good as the quality of their greens.

Highly competent chefs create menus that ensure the club restaurants are invariably full and reservations are often necessary. Succumbing to such gastronomic indulgence, however, leaves little incentive to venture forth for an afternoon round.

"Golf in France" has details of many of the top golf courses open to visitors. "Chambres d'hôtes en Châteaux et Demeures Privées" is a guide to staying at 116 prestige manor houses and châteaux in western France. Both publications are available free from the French Government Tourist Office (0891 24123 - calls charged at 50p a minute at all times).

Alastair Saunders' "French Bed and Breakfast" recommends more than 80 prestige country homes in the Loire Valley and costs £22.95. "Prestige B&B and Guest Accommodation '98" lists more than 400 properties throughout France and costs £19.95. Both available from book shops.

The French still refuse to utilise the traditional warning of shouting 'fore'

near Angers.

Here, British golf director Brian Sparks stressed that visitors were welcome to join in club competitions and, if they had a handicap of less than 18, the locals would treat them like a star. With tongue firmly in cheek he told me that the French had now adopted most of the English

update...update...update.

□ **ISN'T IT IONIC:** In a remote corner of Zolynthos is the Peligoni Club, featuring sailing, mountain walks, al fresco dining, backgammon, midnight skinny dipping, flopping in the Greek sun, whatever takes your fancy. John Alexander and Vanessa Goldie own and run it, giving it the personal touch; guests stay in cottages and villas nearby. Brochure or video from +44 01243-511499.

□ **TWILIGHT IN ITALY:** D.H. Lawrence once rented La Casetta Rosa, a cottage on the Italian Riviera. You can too, through invitation to Tuscany (+44 0171-803 7111); each floor sleeps four and costs from £477 a week. Boat trips, medieval villages, and all the wildflowers you can arrange.

□ **HOT SEAT:** Emperor Menelik II, Lion of Judah, introduced the first cars to Ethiopia, and some electric chairs from the US – but, finding his kingdom had no electricity, used one as a throne. This little-known country is still underdeveloped, but tourists can visit it with Tim Best Travel (+44 0171-581 0300); 12-day trips for £1,750.

□ **SPANISH STYLE:** The Miami in Torremolinos calls itself "possibly the last Spanish-style hotel on the Costa del Sol". Well, maybe: it was built as a holiday home for Picasso's cousin, with a stone grotto-like lounge, cacti-fringed pool and zebra-skin chairs; very Spanish. Book it for £47 a night through Room Service: +44 0171-636 6888.

□ **GREECE OF COURSE:** Candill offers creative holidays on Evia, Greece's second biggest but perhaps least-known island. Courses on offer include photography (with Charlie Waite), painting, tai chi, mosaics, Greek myths, yoga, Greek cookery... Details from 01580-766595.

□ **FULL MONTY:** The Royal British Legion will run its first tour to Libya on September 17, for veterans or anyone with an interest in the second world war battles there. Included in the nine-day, £1,270 itinerary will be four

nights in Tobruk, where there will be services of remembrance, and rest at a beach resort. Call 01822-716729.

□ **WINE-DARK SEA:** Cruise the islands of the Aegean with the luxury motor sailing yacht *Gallio Sun* seven nights at sea, plus flights, start at £799, and ports of call include Santorini, Rhodes, Kusadasi, Patmos and Mykonos. Information from +44 0171-234 0500.

□ **WORLD OF SONG:** Liaisons Abroad ticket specialists offer a full-year guide to opera around the world, for which they can make your reservations; they also do F1 racing, Five Nations rugby and Italian soccer, and the Pavarotti International, where the singer opens his estate for four days of horse-riding. Call +44 0171-376 4020.

□ **WALES IN BLOOM:** Take a four-day, £382 tour of the gardens of North Wales with Whistler Breaks (01743-718954) from May 27. Guests visit Bodnant above the Conwy river, the rock-hewn terraces of Powis Castle, Chirk Castle, the Liverpool Botanic Gardens, and several private gardens.

□ **YUKON HOT:** Take the White Pass & Yukon Route from Skagway in Alaska: locos tow vintage viewing cars up steep inclines, hugging cliffsides and crossing trestle bridges with views of mountains and waterfalls. Other spectacular trips include the Durango & Silverton in Colorado and the Agawa Canyon in Ontario. Call North American Highways, 01902-851138.

□ **ARABIAN DAYS:** Take a short break to the Middle East with Imaginative Traveller (+44 0181-742 5113); Casablanca, Alexandria, Beirut and Damascus are among the destinations on trips of four days or more.

□ **GUILT EDGED:** Fly business class from London before July and Air New Zealand (+44 0181-741 2299) will deliver six bottles of Chardonnay to an address of your choice. The airline

imagines most travellers will donate it to non-travelling spouses.

□ **ART OF TRAVEL:** Visit exhibitions while abroad: Zurbarán in Seville with Prospec (+0181-595-2163); Lotto in Bergamo with Page & Moy (+0116-250-7747); Fabergé in St Petersburg with Steppes East (01285-010267).

□ **CITY CHOICE:** New from Everyman, slim, selective guides to Europe's great cities (and New York), full of colour and inside information about where to eat, sleep, shop and hop; £9.99 each.

□ **HAVE A BALL:** The Hyatt Regency Istanbul (+44 0845-581666) offers a World Cup Wildlife package: seven nights for £1,070, including city tours, Turkish baths, and 10 hours of Oriental dance lessons. If that doesn't lure him away from the football...

□ **HOMES AND GARDENS:** Visit English country houses and gardens in the Cotswolds with Mark Simpson, formerly on the staff of the royal household, from June 20 to 27. Most are not normally open to the public; some go back to the 15th century. They include Wilton House, with its great art collection, and Sulgrave Manor, long lived in by George Washington's family. From £3,550; details from +44 0171-636-1888.

□ **SHEPHERDS COME AWAY:** Transhumance day in rural France is May 18 – the start of summer, when shepherds move their flocks uphill and communities en masse. See it with Cycling for Soif (+44 0161-248-8282) in Provence or the Rhône valley, from £535.

□ **GREEK ISLANDS** you never heard of – Kassos, Upeia, Astypalea, Folegandros – through Greek Sun. Holidays: 01732-740317.

□ **NAPLES** with a personal local guide, bookable through Long Travel: 01694-722193.

□ **TURIN SHROUD:** Visit it for the weekend with Italietour (0171-605 7500), from £189.

John Westbrooks

PAR EXCELLENCE

To be ahead of the field – year after year.

A challenge for Bernhard Langer as much as for us.

Linde – Engineering and Contracting, Material Handling, Refrigeration and Industrial Gases.

Linde AG, Public Relations
Abraham-Lincoln-Str. 21, 65189 Wiesbaden, Germany
Telephone +49-611 770 317, Telefax +49-611 770 690

GOLF BREAKS



Spain's answer to the full Monty

Tim Dickson struggles to avoid the twin distractions of good food and lots of pampering

Until February I had only once before struck a golf ball in anger in Andalusia - and anger is the appropriate word.

Frustrated by some tedious speakers at an international business conference in Torremolinos in the early 1980s, I and a few other delegates sneaked away from the formal proceedings to play 18 delightfully furious holes. I cannot for the life of me remember exactly where, but it was somewhere on the coast road to Marbella. We were back for cocktails, the conference organisers - and my editor - none the wiser.

Perhaps I have been missing something in the intervening period. Friends have often commented enthusiastically about golf in southern Spain, but, until recently, I had not been seriously tempted by the 27 or so courses between Malaga and Algeciras (which

include the world famous Valderrama), the region's much-hyped subtropical climate, or the good flight connections from northern Europe.

Now, however, I can understand why it is high on many people's list of destinations for a short winter break.

Those in the mood for serious pampering will also appreciate the area's newest five-star hotel, the flamenco-coloured Las Dunas Beach Hotel and Spa. Its Andalusian style and Moorish influences provide a rare dash of colour and character on the architecturally nondescript Costa del Sol.

The course occupies a magnificent position above the sea but, thanks to the poor weather, the promised spectacular views of Gibraltar and the North African Atlas mountains could only be imagined. Moreover, while conditions were in no way typical - indeed they

Serious golfers, however, may consider all this a distraction from the real business of playing as many courses as they can. We managed two in two days: the Alcaidesa links course close to Sotogrande and Valderrama, and Monte Mayor, about five miles inland from Marbella.

Unfortunately Alcaidesa's billing as "giving you the sensation of playing a Scottish links course" was only too accurate on the day we played for those whose experience of East Lothian is strong winds, white horses at sea, and visibility no more than half way across the Firth of Forth.

The course occupies a magnificent position above the sea but, thanks to the poor weather, the promised spectacular views of Gibraltar and the North African Atlas mountains could only be imagined. Moreover, while conditions were in no way typical - indeed they

were probably freakishly bad - the fairways and greens were disappointingly soggy and raised the question whether some courses (Valderrama obviously excepted)

remember the sheer excitement of Monte Mayor, which we played on a much warmer and calmer afternoon and which nestles in magical scenery at the end of a long mountain track.

It is not for the faint-hearted. "The full Monty" as it was dubbed by our party requires precision off the tee and a refusal to be daunted by a variety of carries, including a pretty stream which meanders across the course, and the odd deep ravine. The short third, for example, more than 200 yards off the back, has what appears to be an impossibly small landing area with danger on all sides. It brought to mind that once popular calendar of joke golf holes superimposed on the New York skyline.

Six bridges have been built in various places to take players from tee to fairway and fairway to green, and a buggy is essential if you want to avoid steep climbs

Of the two days I prefer to

No part of the world, it seems, is now immune from the effects of global warming and El Niño

have made the necessary investment in sand and drainage to cope with heavy and prolonged rainfall. No part of the world, it seems, is now immune from the effects of global warming and El Niño. Of the two days I prefer to

Let's tee off inside

Pouring with rain? Middle of the night? That never stopped a true golfer - not at Milan's Hotel Palace, a member of the ITT Sheraton Luxury Collection of hotels. It has an indoor golf club: driving range, putting green, team of pros on hand to advise - and a simulator in which you tee off against a big screen on which one of 30 championship courses is shown hole by hole.

Another low-impact way of getting around a country's courses is by water. The GSA Canal Steamship Company has been steaming around canals in Sweden since 1888, but has only just begun golf cruises.

Its three boats - the oldest dates from 1874 - will leave Gothenburg or Stockholm on four- and six-day cruises, and moor each day at a different golf course; all are chosen for their beauty as well as for their challenge. Clubs and trolleys can be hired; but bring your handicap certificate. Food and wine and sunset over the water are included.

Details from the steamship company on +46 31 80 83 15.

The clubs Thailand is best known for have little to do with golf: tourists may be surprised to find there are 17 courses around Pattaya.

Asean Explorer, which will get you there, recommends to you their *shyng* (famous) caddies, who will tell you your shots are *dee-mak* (very good) or *suay-mak* (very poor) and assure you you are just *ruang phui* (one putt) from success. Brochure from +44 01481-823417.

John Westbrooke

HOLIDAYS & TRAVEL

UK

Perfect. Inside and out.

Open the door and see the difference. Rural Retreats' cottages and country houses are carefully chosen for their beautiful interiors as well as their idyllic settings.

Call for our superb 144 page brochure and ask about our 15% standby discount.

01386 701177

*Subject to booking in advance of 3 nights, 7 days of day. Offer valid 27th Dec.

LONDON

NEED A BREAKFAST? Short term accom. Private home - London, Finchley Road. Tel: +44 181 455 1039

SCOTLAND

BALMORAL. 2X2 BED Self cat. Lounge, open view Loch Lomond. White walls. July 15th Aug 15th. Sep 12th. Tel: 01896 49077. 17th to 20th. 01896 582550

BONNIEBURN Charming New Town House. Central location. 3 bedrooms 2 baths. Available for Festival August/Sept. 2700pp. Tel: 0181 332 2205.

GALLOWAY NR LOCH TROCK Farmhouse on estate, open view. Some view May-July 4500 pp. Walking. Salmon fishing by arrangement. Tel: 0181 455 7194

IRELAND

GALLOWAY NR LOCH TROCK Farmhouse on estate, open view. Some view May-July 4500 pp. Walking. Salmon fishing by arrangement. Tel: 0181 455 7194

SCOTT'S CASTLE HOLIDAYS Choose from a range of castles and country houses across Scotland. For full broch Tel: 0131 445 9717. Fax: 0131 445 9718 or email scottscastleholidays@compuserve.com

NEW FOREST

Comfortable Barn-on-estate. Clean, tranquil location. 1/2 mile. 01793 822787. From 1250pp.

N. NORFOLK

Charming country cottage 3 miles from coast. Accommodation for 4. For weekly availability Tel: +44 (0) 1493 830657

SALING & WINDSURFING HOLIDAYS

White Water Rafting, Canoeing, Sailing, Diving & Waterskiing. ACOGN ACTIVITIES 01432 830083

BALDOONE, DEVON

Outstanding waterfront house. Sleeps 5 to 8. Own mooring. £800 - £1,500 pp. Tel: 01285 758138 Fax: 01285 787149

WALKING & CYCLING HOLIDAYS

Wildlife, Survival, Dry Stone Walling. ACOGN ACTIVITIES 01432 830083 - tel brochure

WEST WALES, NEWQUAY - Charming house very near beach. Sleeps 5. Tel: 01462 404945

CRUISING

Western Caribbean November Savers!

For just three days in November, CruiseFinders have details of a very special offer aboard Norwegian Cruise Line's four-star "Norwegian Wind" from just £995

You can enjoy 8 nights of Caribbean luxury including all meals and tips onboard, port and air tax, entertainment, transfers, one night pre-cruise accommodation (room only), dayroom and return flights. Nov 14, 21, 28: Miami - Grand Cayman - Cozumel - Cozumel - NCL Private Island (Bahamas) - Miami

Terms & Conditions on per Norwegian Cruise Line brochure. Rates shown in per person.

CruiseFinders ATOL 3148
Tel: 0171 371 6777 Fax: 0171 371 4222
Email: TRAVEL@MCL.CO.UK

OPERA FESTIVAL AT SEA

4th June an exceptional opportunity for 13 sea the delightful Atlantic cruise for 13 days with outstanding views a host of well known stars.

Included will be an open air theatre in the Grand St. Petersburg, Stockholm and Copenhagen - from from an unbeatable 1999pp outside the boat. 2199pp

Highdays Travel
Tel: 0181 668 2843

DIFFERENT CRUISES

31 Oct. 16 Nov. NCL's Norwegian Star. Fantastic Sea Days via Panama Canal. wonderful S.American history. from £2299pp

29 Oct. 12 Nov. Renaissance transatlantic Southampton-N York via Cork. 8. 2 days Bermuda (go!) from £999pp suites from £2299pp

Stay on in New York?

Miami-26 Nov. 18 Dec. great idea from £2299pp suites from £2299pp

*All incl. ins. taxes, tips & onboard tips

Highdays Travel
Tel: 0181 668 2843

CRUISES & VOYAGES

NO.1 CHOICE FOR ALL YOUR CRUISING

On 7th Sep. '98 Silver Cloud will cruise Edinburgh - Montreal via St John's, Toronto, Halifax, Reykjavik, Corner Brook & Quebec.

14 exceptionally luxurious days! Advance payment bonus is valid for 1 day, as is a special opportunity single supplement of only \$91!

Highdays Travel
Tel: 0181 668 2843

The World's Newest Cruise Ship

'Vision of the Seas'

CruiseFinders have teamed up with Royal Caribbean to offer Financial Times Readers a very special offer... 7 nights of unmissable luxury aboard their newest state-of-the-art cruise ship from just £749

including all meals onboard, port and air tax, entertainment, transfers and return flights. (June 27 from £799)

June 20: Barcelona - Palma - Marseille - Livorno (for Florence/Florence) - Naples - Civita (for Rome) - Barcelona

June 27: Barcelona - Villefranche (for Monte Carlo) - Ajaccio - Civita (for Rome) - Messina - Valpara - Barcelona

Terms & Conditions on per Royal Caribbean International brochure. Rates shown in per person.

CruiseFinders ATOL 3148
Tel: 0171 371 6777 Fax: 0171 371 4222
Email: TRAVEL@MCL.CO.UK

YACHTING

PRIVATE YACHT CHARTER

Luxury crewed yachts - both sail and power - in the 60-200m range and of the very highest calibre. Available for charter Mediterranean, Caribbean and worldwide.

Crested Yacht Ltd
Collette Street, 125 Sloane Street London, SW1X 9AU
Tel: 0171 730 9962 Fax: 0171 624 4581
E-mail: crestedyacht@aol.com
Member of MYBA

PRIVATE YACHT CHARTER

The definitive selection of fully crewed yachts for private charter in the Caribbean, Mediterranean and other warm waters. Sail and power 60'-200'. Highest levels of service.

BCR YACHT CHARTER
Tel: 0171 485 0767 Fax: 0171 624 4581
E-mail: bcryacht@aol.com

YACHT CONNECTIONS

AFFORDABLE CREWED YACHTS WORLDWIDE

Cruise the Caribbean, Mediterranean, Seychelles & South Pacific. All yachts and crews personally known to us.

Tel: 01344 624967 Fax: 01344 624967
PRIVILEGE 99 YACHT incl. skipper to meet for blue water cruising in the Caribbean/Venezuela. 01242 578405

CULTURAL EVENTS

NEW YEARS EVE at the TSAR'S BALL ST PETERSBURG

28 December 1998 - 1 January 1999

Celebrate New Years Eve at the exclusive Tsar's Ball in the magnificent Catherine's Palace in Pushkin. This special hosted programme includes luxury accommodation at the Grand Hotel Europe in St Petersburg, visits to Hermitage, Petrodvorets, Kirov Ballet, private receptions and dinners, BA flights from London.

Cost: £2295.00 per person in a twin

For full details and booking contact:
SPENCER SCOTT TRAVEL SERVICES LTD. (ATOL 3471)
TEL: 0171 225 2983 FAX: 0171 581 9169

FLIGHTS

OFrequent flyer TRAVEL CLUB

...the best of the best... ALL DESTINATIONS IN 1800pp

AMSTERDAM	£185
BARCELONA	£195
BATH	£205
BIRMINGHAM	£215
BIRMINGHAM	£225
BIRMINGHAM	£235
BIRMINGHAM	£245
BIRMINGHAM	£255
BIRMINGHAM	£265
BIRMINGHAM	£275
BIRMINGHAM	£285
BIRMINGHAM	£295
BIRMINGHAM	£305
BIRMINGHAM	£315
BIRMINGHAM	£325
BIRMINGHAM	£335
BIRMINGHAM	£345
BIRMINGHAM	£355
BIRMINGHAM	£365
BIRMINGHAM	£375
BIRMINGHAM	£385
BIRMINGHAM	£395
BIRMINGHAM	£405
BIRMINGHAM	£415
BIRMINGHAM	£425
BIRMINGHAM	£435
BIRMINGHAM	£445
BIRMINGHAM	£455
BIRMINGHAM	£465
BIRMINGHAM	£475
BIRMINGHAM	£485
BIRMINGHAM	£495
BIRMINGHAM	£505
BIRMINGHAM	£515
BIRMINGHAM	£525
BIRMINGHAM	£535
BIRMINGHAM	£545
BIRMINGHAM	£555
BIRMINGHAM	£565
BIRMINGHAM	£575
BIRMINGHAM	£585
BIRMINGHAM	£595
BIRMINGHAM	£605
BIRMINGHAM	£615
BIRMINGHAM	£625
BIRMINGHAM	£635
BIRMINGHAM	£645
BIRMINGHAM	£655
BIRMINGHAM	£665
BIRMINGHAM	£675
BIRMINGHAM	£685
BIRMINGHAM	£695
BIRMINGHAM	£705
BIRMINGHAM	£715
BIRMINGHAM	£725
BIRMINGHAM	£735
BIRMINGHAM	£745
BIRMINGHAM	£755
BIRMINGHAM	£765
BIRMINGHAM	£775
BIRMINGHAM	£785
BIRMINGHAM	£795
BIRMINGHAM	£805
BIRMINGHAM	£815
BIRMINGHAM	£825
BIRMINGHAM	£835
BIRMINGHAM	£845
BIRMINGHAM	£855
BIRMINGHAM	£865
BIRMINGHAM	£875
BIRMINGHAM	£885
BIRMINGHAM	£895
BIRMINGHAM	£905
BIRMINGHAM	£915
BIRMINGHAM	£925
BIRMINGHAM	£935
BIRMINGHAM	£945
BIRMINGHAM	£955
BIRMINGHAM	£965
BIRMINGHAM	£975
BIRMINGHAM	£985
BIRMINGHAM	£995
BIRMINGHAM	£1005

0171 493 0021

CARIBBEAN

CARIBBEAN A LA CARTE

For the very best choice of VILLAS, YACHTS and HIDEAWAYS. 24 Caribbean Islands

0171 801 9801

CARIBBEAN LUXURY and exclusivity.

Tailor-made luxury holidays. Expert individual service. Call now for new brochures.

CARRIER
Aspects of the Caribbean
01625 582881
www.carrier.co.uk

West Indies MUSTIQUE

Luxury 4 bed villa + Pool + Car + Cook + Maid + May - Nov £2,000 pw Dec - Apr £4,000 pw +44 171 376 5343

BARBADOS WEST COAST

1 bed apt. sea view, poolside bar/terrace, 10 shops. Tel: 01284 780002

BARBADOS, ROYAL WESTMORELAND 4 bedroom Fairway House. Pool. Housekeeper & Cook. Club facilities incl. Golf. Available Oct. on Tel/Fax 01284 945279/945280.

CARIBBEAN - CARIBBEAN unspoilt island in Grenadines. Holiday apartments to let, daily (US\$45) or weekly (US\$200) rates available. Tel: 01773 945 157

HONG KONG

HONG KONG ISLAND - 3 bed apartment with big garden, close to beach and Central district. Available July-Aug. Sleeps 7. Full time maid. GBP 1,200 per week incl. Tel: 0171 582 2507

S E ASIA

BAU 2 bed villa, pool, fully staffed. Surrounded by palm-trees. 10 min beach. Airport 30 min. US\$1,750 pw. Fax UK 01284 737494

SPICE ISLANDS, EAST INDONESIA Traditional Suleh Schooner available for relaxing, cruising in unspoiled waters. Contact dennis@sum.com for further info.

SRI LANKA

COLONIAL MANSION SRI LANKA

6 bedroom home overlooking Galle harbour, swimming pool, 7 staff, huge verandah, spectacular garden, 10 minutes to beach.

USD4,500 a week
amhousen@lanka.net
Fax 94-922634 Tel 94-7438075

TROPICAL ISLAND SRI LANKA

4 spectacular 2½ acre island near Galle + 120th Paladian style mansion + 1000 ft. fully staffed + surfing, diving, tennis.

USD4,500 a week
tropicalisland@lanka.net
Fax Hong Kong 852-2737 6890 Fax 94-922634 Tel 94-7438075

CAYMAN ISLANDS

Deeply Relaxing

Where else but in this peaceful British Crown Colony can you enjoy world class diving, golf, snorkelling and water sports? As well as the opportunity to commune with the plant, singuay, swim with the turtles or just take the days away. British Airways fly direct three times a week.

FOR BROCHURES CALL
0171-491 7771

CAYMAN ISLANDS

CAYMAN BRAC, CAYMAN ISLANDS - Beach house with 2 apartments, 21 bed. Scuba, tennis. US\$500/350 pw. Fax (001) 504 857 4525

CANADA

Imagine big game hunting - deer, moose & bear and year round fishing in unspoilt setting near famous national park. Property also available for purchase as residence, hunting ground, resort. Tel: 00 4302 2423 5275. e-mail: wassah@hotmail.com

INDIA

HIMALAYAN, HIMALAYAN & HIMALAYAN Himalayan Footnote & Nepal, Golden Triangle and Rajasthan Kerala & South India - Malabar and Special Interest tour packages in the Indian Sub-Continent for the discerning. Ring Off The Beaten Track on 01422 - 820770 for your "Pulse History"

ITALIAN EXPRESSIONS
The Flavour of Italy

Holidays to some of the most beautiful and prestigious hotels in Italy, from grand palace to country hideaway. From the Lakes to Sicily, we offer regions such as Tuscany, Umbria and the Amalfi Coast and also less well-known areas such as Lazio, Basilicata, the Veneto and the Aeolian Islands. Ideal for long stays, touring holidays, special occasions and city breaks.

ITALIAN EXPRESSIONS
0171 435 2525
ATOL 3076 ATPO 1042

TRAVEL BROCHURE GUIDE 1998

SWAN HELLENIC CRUISES 1998

Discover the wonders of the Mediterranean and Far East aboard our ship. Minerva, a floating country house hotel.

Fares include excursions and all tips.
Call 0171 800 2200
Reader reply No. 2
ATOL 0017

The San Roque Club
CADIZ SPAIN

Exclusive, beautiful and serenely distant from the crowded costas; with swimming pool, riding, tennis, golf on site and beach 4 km away, the San Roque Club is the perfect setting for a relaxed summer holiday. 15 minutes from Gibraltar.

For more information call: +34 956 613830/6090
or Fax: +34 956 613013

Short Breaks

What are you doing next weekend?
For the widest possible range of short breaks call

Premier Holidays on
01787 884031
01787 884031

Elegant Resorts
LUXURY HOLIDAYS EUROPE

Our 146 page collection of the very best luxury resorts and romantic hideaway hotels in Italy, Spain, France, Portugal, Cyprus, Crete, Morocco and Ireland with 16 pages of City Breaks including Vienna and Prague.

01244 897 777

Elegant Resorts
LUXURY HOLIDAYS WORLDWIDE

Exotic resorts and hideaways in the Indian Ocean, the Far East, the South Pacific, South Africa, Zimbabwe, Mexico, Arizona, Dubai, New Zealand and on the Barrier Reef. An incomparable selection of romantic and exciting destinations.

01244 897 888

THE VACATIONS

Our brochures contain an excellent selection of quality holiday worldwide at affordable prices.

Middle East, Africa, Indian Ocean Islands, Far East & Bermuda,
plus wedding and honeymoon offers and our FREE PERSONAL PLANNING SERVICE

Reservations: **0181 864 4431**
Reader Reply: **0181 423 3131**

Elite Vacations Ltd
Elite House, 98 Broadwater Road,
Barnham, Middlesex, HA1 5DT
0181 864 4431

HOLIDAY HOMES AND HOTELS IN FRANCE & SPAIN

Discover our delightful range of great value Holiday Homes and Hotels. Located throughout the best regions of France & Spain.

- From secluded country cottages, luxury French chateaux and romantic Spanish castles to seaside apartments, charming d'hôtels (French B&Bs) and action packed holiday villages.
- Special offer on selected French Apartments and Holiday Villages, stay for 2 weeks or more and get a discount of up to £120 off the rental cost.
- Full details in the brochure, CD-ROM also available.

Call 0980 143 537 to receive a copy

INDIA TRANS INDUS LIMITED

the leading India specialist for quality holidays offering:

- Escorted group tours
- Tours for independent travellers
- Tailor-made holidays
- Guest lecturer tours led by Lady Wade-Grey, MA (Oxon)

Call: **0181 566 2729** or Fax: **0181 840 5327**

or write to Trans Indus Limited,
11 The Pavement, Popes Lane,
Ealing, London W5 4NG

Our New Luxury Hotel in Mallorca

A 19th century Mallorcan Palace has been lovingly restored and now represents the island's finest architecture.

- There is Sun bed & spectacular restaurant, the best on the island.
- Language for the hotel is 20 metres pool in your own private garden.
- Enjoy the quiet surroundings, swimming and tennis.

This retreat is less than 10 minutes from the heart of Palma, and its Airport, Golf Course and beaches.

Grand Hotel Son Net
Ca. 4000 Son Net • Paphos, Mallorca
Tel: +34 971 147 000 • Fax: +34 971 147 007
E-mail: son.net@son.net

Introducing a new luxury holiday company with a difference; you tell us where you want to go and we tell you when and how, with a comprehensive range of innovative itineraries. Call:

Seasons in Style
on 0151 342 0505

SOUTH CAROLINA USA
Smiling Faces. Beautiful Places.

Mile after mile of white sandy beaches, over 230 golf courses, luxurious resort islands, quiet mountain trails, historic cities, and lakes as smooth as glass. You'll find them all in our free 144-page South Carolina Holiday Guide.

Available by mailing in the reader reply card or faxing

0181 666 0365

TOP RATED BERNHARD LANGER

DESIGNED LINKS - adjacent to 19th century home of Jameson whiskey family, now part of a deluxe hotel overlooking the sea near Dublin.

Call for brochure and details of special golfers packages.

00 353 1 846 0611

DISCOVER THE REAL GREECE AND TURKEY

From £252 pp 1 wk

Discover the real Greece and Turkey with Sapphire. Choose from small, owner-run hotels and apartments in unspoilt locations.

Freephone 0800 652 6520
Internet
ABTA V4087 ATOL 987

DIVE TO CONSERVE!

Live on remote tropical islands and work with lively teams of international volunteers to help protect threatened coral reefs and finfish in the Caribbean, Asia-Pacific and Indian Ocean.

- Free SCUBA tuition
- Full expedition training
- No previous experience required
- Monthly stipend
- Free food (2 weeks) to £250 (12 weeks)

For a free information pack, contact:
Coral City Conservation Expeditions
Tel: +44 (0)171 498 8248 Fax: +44 (0)171 498 8447
email: coral@coralcity.com web: http://www.coralcity.co.uk

RIVA DEI TESSALI GOLF CLUB

The largest 18 holes golf in South Italy

Green fees at £19 per day

Private beach, swimming pool, Bar, Restaurant, Kids Club, Special Car Hire Rates, Flights scheduled and Charters. Organized Excursions to close sites of archaeological and historic interest.

RESIDENCES from £460 per week

140 beds, air cond., TV, direct phone, Kitchen, maid.

4 star HOTEL from £45 per day

Clubhouse and Restaurant open all year

For a free colour brochure, for information or to book, call:

In US: Phone 07050 307050 Fax: 0171-266 4071
In Italy: Phone 39-99-8439231 Fax: 39-99-439253
39-6-855912

Newark and Sherwood

Famous for Robin Hood, the area has much more to discover. The historic market town of Newark-on-Trent, delightful Southwell with its magnificent Minster. Plus a big variety of family attractions.

The Belfry

The Belfry is probably the best located business, golf and leisure resort in the UK and, with its superb leisure facilities, is a fabulous venue to get away from it all.

On bank holidays & selected dates leisure breaks start from just £35.00 per person per night for dinner, bed and breakfast including use of our Leisure Club.

The Belfry
Wishaw, North Warwickshire B76 9PR
01675 470033

BROCHURE PANELS ORDER FORM

Please tick the appropriate box for the travel brochures you would like to receive, enter your own name and address and then send or fax this coupon to the address shown. Replies must be received no later than 20th June 1998.

1. Italian Expressions <input type="checkbox"/>	13. Portnamock Hotel <input type="checkbox"/>
2. Swan Hellenic <input type="checkbox"/>	14. Sapphire <input type="checkbox"/>
3. San Roque Club <input type="checkbox"/>	15. Coral Cay <input type="checkbox"/>
4. Premier Holidays - Short Breaks <input type="checkbox"/>	16. Rive Dei Tessali <input type="checkbox"/>
5. Elegant Resorts - Europe <input type="checkbox"/>	17. Newark County Council <input type="checkbox"/>
6. Elegant Resorts - Worldwide <input type="checkbox"/>	18. The Belfry <input type="checkbox"/>
7. Elite Vacations <input type="checkbox"/>	19. Springfield Country Hotel <input type="checkbox"/>
8. Brittany Ferries <input type="checkbox"/>	20. Isles of Scilly <input type="checkbox"/>
9. Trans Indus. <input type="checkbox"/>	21. South East Cornwall <input type="checkbox"/>
10. Grand Hotel Son Net <input type="checkbox"/>	22. Thorpeness Hotel <input type="checkbox"/>
11. Seasons in Style <input type="checkbox"/>	23. Historic House Hotels <input type="checkbox"/>
12. South Carolina <input type="checkbox"/>	24. Babergh District Council <input type="checkbox"/>

WEEKEND FT 1998 TRAVEL BROCHURE SERVICE

(Ref 09/05/98) Upcott Avenue
Barnstaple, EX31 1HN
Fax No. 01271 328422

The information you provide will be held by the Financial Times and may be used to keep you informed of FT products and by other selected companies for mailing list purposes. The FT is registered under the Data Protection Act 1984. Financial Times, Number One Southwark Bridge, London SE1 9HL. Please tick this box if you do not wish to receive any further information from the FT Group or companies approved by the FT Group. ☐

TITLE INITIAL SURNAME ADDRESS
.....
..... POSTCODE DAYTIME TEL
.....

SPRINGFIELD COUNTRY HOTEL
A LEISURE CLUB

George Road, Wymondley, Dorset, BH20 5AL

Friendly owned, set in 6 acres of beautifully landscaped gardens at the foot of the Purbeck Hills. 48 en-suite rooms. Executive rooms available with bath and shower and balcony overlooking gardens. Luxurious Leisure Club with indoor heated pool, Spa Bath, Sauna, Steam Room, Solarium, Dining Treatment Room, Gymnasium, Squash Courts, Games Room, Snooker Room, A La Carte Restaurant. Oak Roomed Bar Lounge.

Spring Breaks
Available from £55.00 per person for dinner, room and full English breakfast, including use of our Leisure Club.

Tel. (01929) 552177 Fax. (01929) 551882
ETS *****

South East Cornwall
The best of Cornish welcomes.

Free Guide: Dept FT, CDC, Looe House, Looe, Cornwall PL14 3DZ
01579 341035 24hrs

Travel Brochure Guide
June 13 1998

The Financial Times will again be offering the opportunity to advertise in our successful season of Travel Brochure Guides. Reaching over 1 million affluent readers, they provide you with an ideal platform to launch your season's brochure.

For more information or to reserve your space contact
Paul Meakins on 0171 873 3218

Weekend Financial Times

Simply Scilly
Simply Perfect

Isles of Scilly

For details, Isles of Scilly website, www.islesofscilly.co.uk
Tel: 01779 422536 (P404)
Fax: 01779 422549
Email: scilly@islesofscilly.co.uk

TELEPHONE NOW AND DISCOVER SUFFOLK'S SECRET

Play Golf on one of East Angles' finest courses, testing for even the scratch player, an excellent four course dinner featuring traditional and contemporary dishes, overnight accommodation in twin/double en suite rooms, a full English breakfast and a morning round of Golf, a game of Tennis or explore the unspoilt Suffolk coast and villages, a haven for music and art lovers.

JUNE 22 - 25
GOLF & GASTRONOMIC EXTRAVAGANZA

Four night Golf Breaks in May and June
£59.50 per person per night
Excludes Friday/Saturday night. Handicap required for golf.

THE GOLF CLUB & HOTEL, THORPENESS, SUFFOLK. TEL: 01728 452176

Our Year of the Garden

Take a Summer Break at one of these most splendidly restored Historic House Hotels (and gardens).

Middlethorpe Hall, York
Tel: 01904 841241

Hartwell House, Vale of Aylesbury
Tel: 01296 747444

Bodysgallien Hall, North Wales
Tel: 01492 684466

Prices start from £29 per person per night, minimum stay two nights, for sumptuous dinner, bed and full English (or Welsh) breakfast.

SUFFOLK

HERITAGE SUFFOLK ...
... Medieval villages with crooked houses; horse racing at Newmarket; stately homes set in acres of parkland, picturesque streets packed with unusual shops and market stalls. This is a sample of what Heritage Suffolk has to offer. Tempted?

To find out more contact:
Tourist Information Centre (FT)
Angel Hill, Bury St Edmunds
Suffolk IP33 1JZ
Tel: (01284) 764667
quote ref FT

FT TRAVEL

Riding the polo ponies of the Pampas

Gillian O'Connor hits the saddle in the wide open spaces of Argentina

The most expensive polo pony in the world spent the winter out to grass in a field near Cirencester in England. The Sultan of Brunei bought the brilliant Chesney because he liked the colour (very dark brown). But it is unlikely the Sultan himself will ever ride him. As a late-comer to the polo field, he is not nearly good enough. Top polo ponies – and top players – are collectibles for rich amateur polo lovers, with Australian media mogul Kerry Packer, and more recently the Sultan, the two most coveted buyers.

But a growing number of high earning young professional men and women are buying one or two ponies so that they can knock a ball about at weekends.

Fine, but when times get tough, the ponies are the first items for sale. Diego Avendaño, the stern-faced 27-year-old who runs one of the biggest polo farms in Argentina, explains that pony prices are highly geared to the world economy.

Although unaffected by the stock market dive in 1997, they collapsed during the 1992-93 recession. At the moment the "polo pony indicator" is stronger than it has ever been. But, like finance ministers worldwide, Avendaño worries about the possible fall-out from south east Asia.

La Escondida, the Avendaños' estancia in the Pampas west of Buenos Aires, supports some 300 ponies and 600 beef cattle. But Diego's mother Caroline has started to cultivate an alternative crop, tourists. She has long

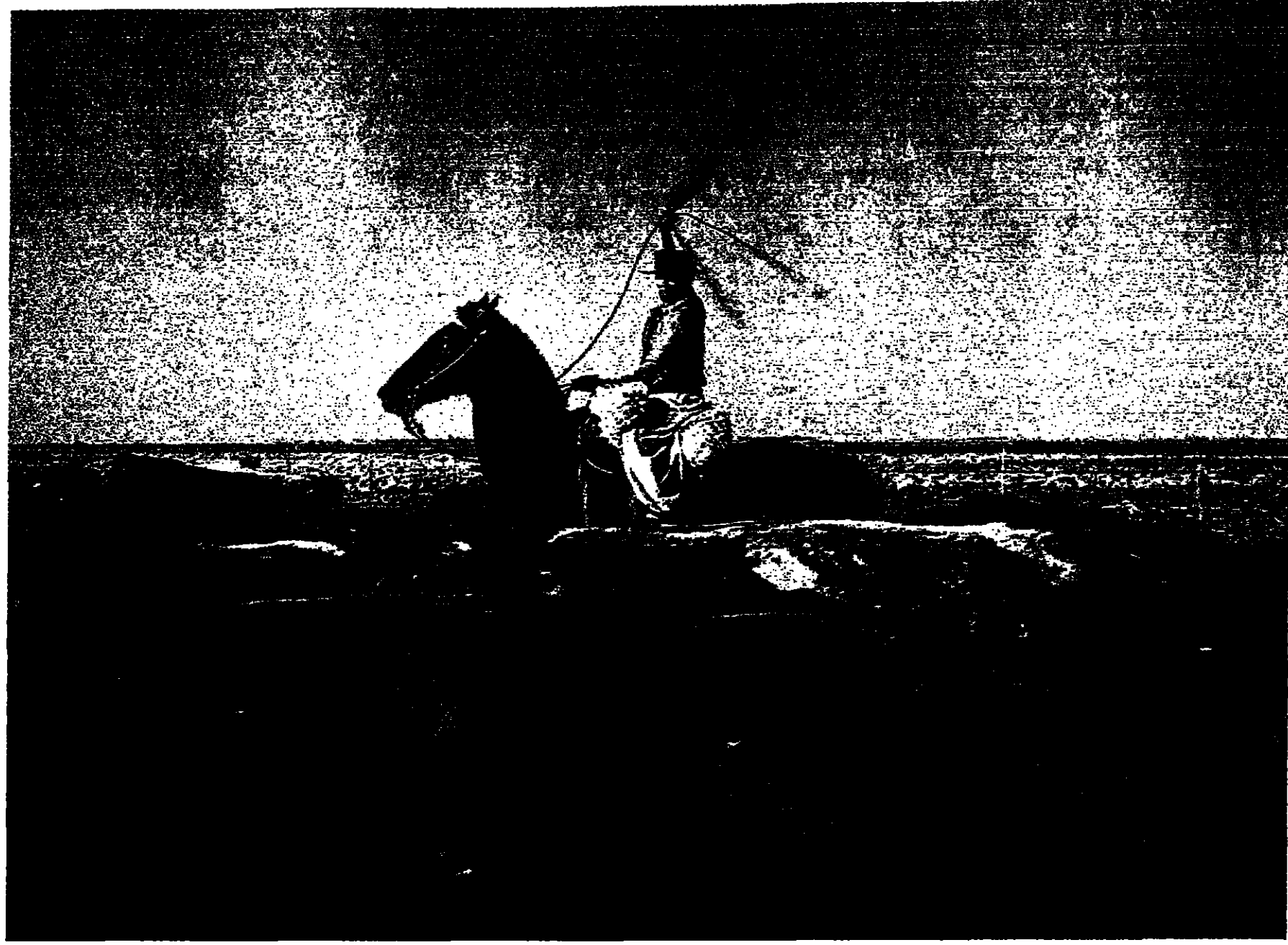
been used to welcoming the polo people who come to stay for a few days to try out ponies before they buy.

Now Caroline has started taking increasing numbers of ordinary tourists. Those who get most out of the stay are often farmers, who can study different agricultural methods and enjoy a moan about the difficulties of a farmer's lot worldwide.

La Escondida is also a good base for bird-watchers. Sited in what is known as the humid Pampas (not sticky, just occasionally rainy), the farm has a number of shallow lakes. These attract a variety of wetland birds in addition to grassland predators, and insect- and seed-eating species.

Ambling around the farm bird-spotting on a retired polo pony is good fun for a day or so. But the pace is not strenuous enough for visitors who do not play polo but do enjoy riding. For, although the endless grassy plains of the Pampas sound alluring, the modern wire fences designed to keep farm animals in, inadvertently keep leisure riders out.

Active riders need to go to the steppes of Patagonia instead. Most Patagonian farmers are struggling. Traditionally they have relied on sheep rather than cattle, and wool prices are far more depressed than beef prices. Some have sold out. Benetton, the Italian clothing group, has been a big buyer, and financier George Soros has purchased vast areas throughout Argentina. But the most tempting offers often come from US billionaires looking for a holiday retreat in lonelier territory than Wyoming or Montana.



Hey gaucho, round 'em up: good practice for the polo field

General information

■ Gillian O'Connor travelled to Argentina as a guest of Worldwide Journeys and Expeditions. Tel: 0171-581-8600; fax: 0171-581-8600; E-mail: swj@worldwidejourneys.co.uk

A two-week itinerary includes two nights in Buenos Aires, three nights at La Escondida in the Pampas region, three nights at Las Balcas, on the shores of Lake Nahuel Huapi, and four nights at Huechuhue, Northern Patagonia. This trip costs £2,725 per person, including return British Airways flights, all ground arrangements and most meals.

■ Caroline Couper de Avendaño, La Escondida. Tel/fax: +54 356 94121.

■ Jane Williams, Huechuhue. Tel: +54 944 91303. Fax: +54 972 27111. E-Mail: Jane@satlink.com

■ Veronica Oberlander, Las Balcas. Tel/fax: +54 944 94300. E-mail: lasbaldas@compuserve.com

and taking in a wider range of scenery and vegetation.

One trekking party last year awoke one morning to discover their tents surrounded by several inches of snow. The visitors rhapsodised about how pretty the valley looked. Williams worried about how to get the

visitors back in one piece.

Lack of imagination can be a blessing on several of the rides. The horses are Criollo crosses – the local ponies fined down with an admixture of something classier – and remarkably sure-footed. They pick their way over steep hillside paths that

would give many a fell walker pause. But on the rare occasions when one stumbles, and its hind legs scramble in the scree, imaginative riders find their minds turning to the precipice below.

Where the going is difficult, walking is the only option. But there are plenty of opportunities for long canter along sandy tracks and hummocky plains. The horses are well trained, ready to go but equally prepared to stop.

Many of the visitors are couples where the wife rides but the husband does not. The river provides a real alternative. The trout fishing in the Rio Alumine is renowned even in Argentina.

Huechuhue and the other estancias in the steppes are not geared to visitors who want to be lazy. Anyone who enjoys doing nothing very much amid chocolate box scenery should head for another part of Patagonia: the Lake District. Although

the area around Bariloche, on Lake Nahuel Huapi, is a popular ski resort in winter, in summer it is an altogether gentler place, patently geared to tourists but not yet lawdry.

Visitors can join organised trips exploring the lakes and mountains, or splash around on the lake. There is a wide choice of accommodation, though it can get booked up during school holidays. The area even boasts one large international hotel complete with its own golf course at Llan Llan, where the timid visitor need hardly be aware that he is abroad.

The same cossetting is available on a smaller scale at Las Balcas just outside Villa La Angostura. It is the kind of hotel where staff lurk in the corridor waiting their chance to dash in and plect the end of the roll of lavatory paper. The breakfasts rival those at the Savoy hotel in London.

Most people making the long journey to Argentina

want to see more than one centre once they have got there. Fine, but it does add to the costs. Flying is the only practical way of getting from one major centre to another (unless you have a taste for 24-hour bus journeys). But even what are described as "local" car journeys can take three or four hours and cost perhaps £150 even at provincial rates – much the same as a night's accommodation. Using a travel agency removes the hassle, but adds another layer of charges.

Visitors seem to fall into one of two categories: newly retired couples giving themselves the holiday of a lifetime, or young professionals packing as much as they can into a fortnight stolen from a busy schedule. Many are British, which can add a surreal quality to the conversation. Do you really need to go to Patagonia to have a squabble about the Country-side March over breakfast?

A Greek Cypriot with whom I was enjoying a torpid lunch in Paphos became visibly agitated when I talked to him of a recent trip to the beautiful, chic island of Santorini, a few hundred miles to the west. "They started with black rock and barren landscapes," he said, referring to the island's volcanic origins, "and have turned it into a paradise."

"We in Cyprus started with a paradise," he grimaced and waved his hands, "and look where we are now."

It was a neat encapsula-

A turning point in paradise

Peter Aspden finds signs that Cypriots are appreciating their heritage more

tion of a common feeling among some of his disillusioned compatriots, that the island, in its rush to exploit the Mediterranean tourist boom of the 1970s, had wasted its natural assets and sullied its image.

There are understandable reasons for this. The refugees who fled the Turkish invasion of 1974 were naturally anxious to establish

themselves in their new homes in the south and west of the island. They threw themselves into the fastest growing industry on the island: tourism. Big hotels grew all along the south coast, with scant regard for taste or the discriminating traveller.

Present-day Paphos is a testament to the thoughtlessness of the island's

expansion. A stroll around its harbour reveals little of immediate interest: dozens of scruffy souvenir stores and cheap tavernas offering dull, unauthentic menus.

This is a shame. Paphos is wealthy in archaeological treasures, particularly its Roman mosaics, and deserves better. But the town is ideally employed as a base from which to explore its under-appreciated hinterland; and there are many riches to be found within an hour or two by car.

There is, for example, the monastery of Chrysoroyatissa (Our Lady of the Golden Pomegranate) some 25 miles away. Here, Abbot Dionysios, with a voice made feeble, it is said, by the noxious fumes of the materials he uses to restore ancient icons, is happier talking about a more worldly subject – wine.

The monastery produces some of the island's most

impressive single-grape varieties, continuing a tradition which is celebrated in one of the most famous Paphian mosaics, "The Triumph of Diocysus".

The Abbot finds it apt and amusing that he almost shares a name with the ancient god of the grape. He started cultivating the current vineyards in 1964, and has played a key role in raising standards throughout the island. Cypriot wines have never been known for subtlety; but try a bottle of Heritage, an oak-aged blend of the *Maratheftiko* and *Othello* grapes, and you might be very pleasantly surprised.

It is easy, amid the vineyards and the views, to overlook the monastery itself. But that is scarcely surprising. Its most valued treasure – it is supposedly painted by St Luke, is not only covered in silver gilt, but is also hidden from view

by red velvet curtains. It is a salutary reminder that Chrysoroyatissa continues to exist primarily for worshippers, not visitors.

You have to go further inland to see the real cultural gems of Cyprus, how-

Revel in the dazzling colours of some of the Byzantine frescoes

ever: the small group of frescoed Byzantine churches of the Troodos mountains. While hardly undiscovered – nine of them appear on the Unesco world cultural heritage list – it is remarkable how few visitors take the trouble to seek them out.

The most stunning is Pan-

ayia Forbiotissa (Our Lady of the Pastures) in Asinou, in the eastern foothills of the Troodos. Like many of the mountain churches, it is disguised to look like a barn, and it is quite easy to drive straight past.

But what Asinou lacks in exterior elegance it makes up for once you step inside, and revel in the dazzling colours of the Byzantine frescoes. The earliest of these date from the early 12th century, and they are sensational: a sombre portrait of St Constantine and St Helen; a more fluid, graceful grouping of the apostles in communion, with Christ gazing mournfully at the departing Judas; a moving account of the 40 martyrs shivering in the icy waters.

The added pleasure of Asinou and its sister churches lies in the very process of tracking them down. They are not brilliantly signposted, and all of them are

locked up, requiring a visit to the nearest village café to find the keeper of the key; it actually *feels* quite adventurous (provided you don't go in high season), which is saying something in a destination so devoted to mass tourism as Cyprus.

There are signs that Cypriots themselves are better appreciating their rare cultural and natural heritage. The new Anassa Hotel, on the north-western Akamas peninsula, which combines luxury with the intimate look of a traditional Greek village, is a prime example of the more subtle sensibility required to attract sophisticated tourists.

When it comes to talk of Mediterranean paradises, Cyprus no longer needs to look in a foreign direction.

■ Peter Aspden stayed at the Annabelle Hotel, Paphos. Bookings for the Annabelle and the Anassa can be made at Thomas Hotels on 0181-949-8244.

Peter Aspden has won the Catania tourist board's first International Press Award for his feature on Sicily in March this year.

Why do so many companies come back?

NOBOL EVILGO TUS ROUCE

RAILPIECE

■ The weather in England may not be up to much but spring does bring the chance to get to the warmer climes of southern France by Motorail from the UK.

The new timetable is now in operation from Calais to Avignon, Brive, Narbonne and Toulouse. As ever, throughout the summer more destinations become available as demand picks up.

A new route from Calais to Florence opens on July 7 – although northern and central Italy are already served by direct routes from Calais to Bologna, Milan, Rome and Livorno.

For me, one of the attractions of Motorail is the use of your own car and being surrounded by your own particular clutter – that and not

having to worry about driving 700 or 800 miles on the first couple of days of your annual holiday.

To obtain the Motorail summer brochure ring 0800-024000 (calls charged at national rate).

■ Luggage-carrying problems for those who do not want to take their own cars abroad put many, particularly older, people off rail travel. Consequently, SNCF, the French railway, is finding ways of lifting the strain.

In addition to more portering at stations, it has launched a door-to-door baggage collection and 24-hour delivery is guaranteed.

You must, of course, give at least a day's notice. The cost will be FF95 for the first bag and FF60 for

the others, a maximum of three bags to each person. Sadly, the service is only available within France (tel: 0603-845845).

■ Up to 19 Eurostar trains a day now make the journey from Waterloo to Paris. With first-class returns from £159 – subject to availability and a Saturday night away – and standard returns from £79, it makes it easy if you live in central or east London to take a short break – like lunch – in the French capital. And you are spared the long and boring Tube trip to Heathrow.

My one criticism is of the food. The meal served to me in first-class was so awful I couldn't bring myself to eat it. Even the bread

rolls were poor. And don't take my word for this. One of France's top hotel managers, who paid the premium fare simply because he wanted to see what the food was like, described the meal to me as terrible. By all means drink the champagne they give you, but buy a smoked salmon sandwich or some caviar in the Eurostar terminal before you leave Waterloo.

When returning from Paris, pop into Hédiard or Fauchon in the Place de la Madeleine. Do not wait in or around the Gare du Nord. Aggressive beggars and not-so-petty thieves make it most unpleasant.

Jill James



To be a pilgrim

'The Muse stood in a field of rape shouting into a mobile phone while a sweet April shower lashed about her'

Page IV



Cordially yours

'Enphatically nicer than commercial versions, this refreshing drink is simply made with elderflower syrup'

Page XIV



Made to last

'For a generation of privileged Frenchmen and international snappy dressers, the shoes must be Berluti'

Page XI

Out of our depth

Global fish stocks are being ruthlessly run down. Michael Wigan argues that the plunder must be stopped

There is something about fishermen. Those who ply their trade on the waves in all weathers, for whom the horizon is a straight silvery line tipping off the curvature of the earth, whose business is beneath, in a dark habitat where man has no place, bringing back the scent of the primitive, the essential and faintly disturbing. We no longer go off into the forest, hunting for our game and grubbing for roots and berries. But the fishermen are still searching, hunting fish and gathering shellfish. They are the last of the big-time hunter-gatherers.

We are familiar with the idea that fish as game, and the fisherman as hunter, are in trouble. Species are endangered and protected and others have all but disappeared. There are fish quotas, fleet restrictions, measurements of net size and the size of holes. But we still have as much difficulty fathoming fish as we do picturing the scene beneath the waves. Blame the wildlife documentary for the image of the tropical reef, brightly coloured fish darting about and a giant turtle gliding by. We do know that 70 per cent of the planet is covered by water, and there must be more fish out there somewhere. Send the hunter deeper into the forest.

The survival of the hunter and the prey will depend on popular perceptions. The warm embrace of the doe-eyed seal (the Labrador of the sea) is as dangerous as the Spanish custom of consuming immature anchovies and eels. The environment movement has come unstuck when confronted with the difficulty of whom to champion: hardly endangered but cute mammal (seal) or endangered mammal (huit). "Environment" is not the subject of this month's selective, if well-intended, outrage; it is the whole damn thing.

We in the west are eating more fruit of the sea than ever and we have to be clearer about its origins and environment to be certain of its future. There is a vague idea that we can outsmart nature by replacing natural management with the fish farm and the battery trout. We have domesticated the salmon as we did the cow, with ruthlessly intensive farming, and so the words "wild salmon" are a marketing novelty on the plastic pack.

The environmental damage to estuaries housing the farms is obvious but hardly understood. And if only you knew what these fish were fed... there may never be "mad salmon disease" but the creatures' diet included pigs' blood until a decade ago and they are still tossed a blend of fishmeal that they would be unlikely to ingest in their natural habitat.

It is all about the food chain. We need fish for protein and for evidence that we are not despoiling most of the planet's surface. In their most excited contemporary form, fish on the menu are the exotic daily specials at the fashionable London restaurant chain LiveBait. The Ecuadorian blue-fin tuna, seared and served on a bed of polenta and garnished with rocket leaves, is an extension of a tradition that



includes the despatch of French and Portuguese fishing boats to Newfoundland's Grand Banks in 1504 and the deployment of 149 boats from eastern England in Iceland's fish-rich waters in 1528. It continues today with fishing agreements between impoverished west African countries and the surplus boats of European fleets. But this tradition is ending, the places for plunder are numbered.

The herring fishery, mentioned in the Domesday Book as yielding to the king of England 60,000 herrings from the little village of Dunwich, was forced to close in 1977. The 400-year-old concept of fleets harvesting the bounties of less muscular nations actually began to fade when these countries declared their 200-mile fishing limits in the 1950s.

World catches of the fish most prized by humans have peaked. The take of tuna, the premium seafood, reached its zenith in 1980 and, despite increased effort by more countries, including Ecuador, using more sophisticated gear, it has not risen since. Cod, one of the world's most fecund fish, is in a worse condition. As scientists from Britain's Fishery Institute at Lowestoft suggested to me, it is remarkable, given the slash and burn methods used, that there are any cod left in the North Sea.

The UN Food and Agriculture Organisation says catches in what were the world's most productive oceans have been in decline for more than 20 years. Greenpeace this week called for the global fleet of larger

vessels to be halved. "Fish" is no longer synonymous with cod, herring and mackerel - the largest catches now are of low-grade species: anchovies, pollack and jack mackerel. It was once estimated that an acre of sea off the English east coast yielded as much food as 100 acres of Northamptonshire grassland. And in the days of virgin cod stocks, the 16th century European seaman sailing out to the Canadian cod banks lowered a basket over the side and raised it

There is a vague idea we can outsmart nature using the fish farm and the battery trout

full of fish. Today, a lot of empty water lies between the fish off Britain and Canada. There is a partial moratorium on Canada's Grand Banks, whose stocks collapsed even with modern management, and the European Union is trying with limited success to manage stocks within its waters.

As the stocks shrink, ever more sophisticated ways of catching fish are devised. In one recent issue of the British weekly Fishing News four radical inventions were profiled. Seek-and-catch contraptions are winning the race against methods of con-

serving non-target fish through specialised gear. We live in the age of flow-scales by which fish are weighed volumetrically as they come up the ramp out of the sea and of fishing expeditions hauling home 1,000 tonnes, robot jigging machines controlling tens of thousands of hooks, and a single net taking in 500 tonnes of sardines off Peru.

Onboard Swedish filleting machines can decapitate and gut a fish every half-second. Deepwater species, alien creatures of gothic strangeness, are being jerked into unfamiliar light from inky depths. Meanwhile, much-used grounds like the North Sea are trawled so repeatedly that the bottom resembles arable land after fine harrowing.

Ingenious the devices may be, but a harvest from the wild in which a third of the creatures of gothic strangeness, are being jerked into unfamiliar light from inky depths. Meanwhile, much-used grounds like the North Sea are trawled so repeatedly that the bottom resembles arable land after fine harrowing.

Unfortunately for that just-caught flounder, fish is in. With beef tainted and chicken under suspicion, average individual fish consumption in Britain rose to its highest level for over 20 years in 1996, when it rose 6.5 per cent on the previous

year. The trend has been up for the past three decades and is gaining pace.

In Canada, for instance, the increase between 1970 and 1990 was 47 per cent. It is no wonder that fish have become the source of international disputes: between Canada and Spain, Britain and Spain, Indonesia and Japan, Australia and Japan, France and Morocco, and the US and Canada. Perhaps the vain quest for that extra territory, those bonus miles of fishing grounds is best captured by the plight of Kolbensey, a small pinnacle of Icelandic rock whose threatened submergence would considerably diminish the 200-mile orbit of this fishery-dependent state. Never has a stony caruncle been so fretted over.

Given that the predators are obvious enough, it is just the luck of fish that their natural guardians, the environment movement, has other priorities. Sea otters and turtles are prototype plunder victims to whose predicament the world has been alerted. But the enlightenment that "greens" urge on commercial fishermen has yet to dawn on their own movement. The uncritical espousal of marine mammals is a fine thing for the nursery school but should be no part of a mature fisheries policy.

Sharks, presumably because of their ability to arouse primal fear in humans, are hard to champion - Steven Spielberg, the director of *Jaws*, has a lot to answer for. The repellent realities of the shark-fin trade (Japanese and Taiwanese fisherman have been

filmed hauling in sharks, cutting the fins off, and then throwing the helpless animals back in the water) are generally tolerated.

Seals, invitingly vulnerable on land and as endearing as any puppy, arouse strong instincts of protectiveness. Yet, in their environment, they are apex predators, often devoid of natural enemies. Seals feed with less inhibition than sharks and will take a chunk out of a fish without finishing the meal. But seals have an important role as cuddly fundraiser for environmental groups and as an apparent symbol of human awareness - the past prodigious trade in seal products being all wrong, rather than just badly managed.

Sharks, presumably because of their ability to arouse primal fear, are hard to champion

On Stromo Island in the Pentland Firth, which separates Orkney from mainland Scotland, I have seen what I took to be a spit of rock projecting into the sea until I realised it was a mass of seal bodies. It does not take a doctor of marine biology to realise that so many carnivores in one place must be bashing the hell out of over-pressured stocks. In California, plagued by the cult of conscience, there has been an extra cross to bear; shellfish beds have been closed, poisoned by faecal contamination from a sea-lion community whose numbers have increased more than 30-fold since 1947.

The solution to the fish problem is supposed to be

easy - aquaculture, the commercial harvesting of fish; the seals can have theirs and we can raise ours. But this method, with the extra publicity benefit to government of apparently soaking up regional unemployment, has boom and bust cycles that have cost bankers and local environments dear. In Norway, the world leader in farmed Atlantic salmon, the wild run has been imperilled by intensive cultivation: a third of its rivers have lost their native stocks, in part, because of parasite proliferation on the farms.

Estuaries and accessible brackish waters are critical areas for wild fish, which seek protection to breed and leave their eggs. The challenge is to farm fish in an environmentally neutral way, and to enhance wild stocks to see at what point we can hand the lead back to nature. But aquaculture's potential is Lilliputian compared with nature's abundance, and workable policies will not be achieved without the fellows in the oildrums. A fish catch falls because their nets are empty. Hunches have to pay and the maxims have the ring of hard-won truth.

Fisheries management is not a luxury we can afford to get wrong and yet we are so very far from a coherent marshalling of resources. Markets should be allowed to develop for discarded fish and wasteful discarding should be penalised. Brutalised areas must be cordoned off and migration routes respected - why bother to abide by local controls when you can flout them 300 miles out to sea? The time has come to haul in our nets.

□ Michael Wigan is the author of *The Last of the Hunter Gatherers*. Sean Hill, £18.95.



All our products are manufactured in the EU. Most of them are also sold here. Holmen News Pink is the well known brand name stamped on our pink newspaper. It is mainly used for financial newspapers. Many daily and weekly newspapers, telephone directories and magazines are printed on our paper. Our customers include leading newspaper publishers, commercial printers and paper merchants. Our other brand names include Holmen News, Holmen Super Print, Holmen Ultra Bright, Holmen Guide, SCANMAG and SCANMATT.

In the office paper field we are represented by our well-known DataCopy® brand. Another of our brands is Invercote®, the name of our high quality paperboard.

We have the capacity to produce some 3,000,000 tonnes of paper and paperboard each year. These products account for 80 per cent of our annual sales. In a nutshell, MoDo is a paper company. We concentrate mainly on the European market, and in that sense we are a regional company. In financial terms, we are a very strong company. These are the hallmarks of MoDo we'd like to see stamped on all our products. Not only "Made in the EU".

MoDo
Telephone: +46 (0) 660 21 00. Fax: +46 (0) 660 21 10.
www.modo-group.com

Contents and columnists

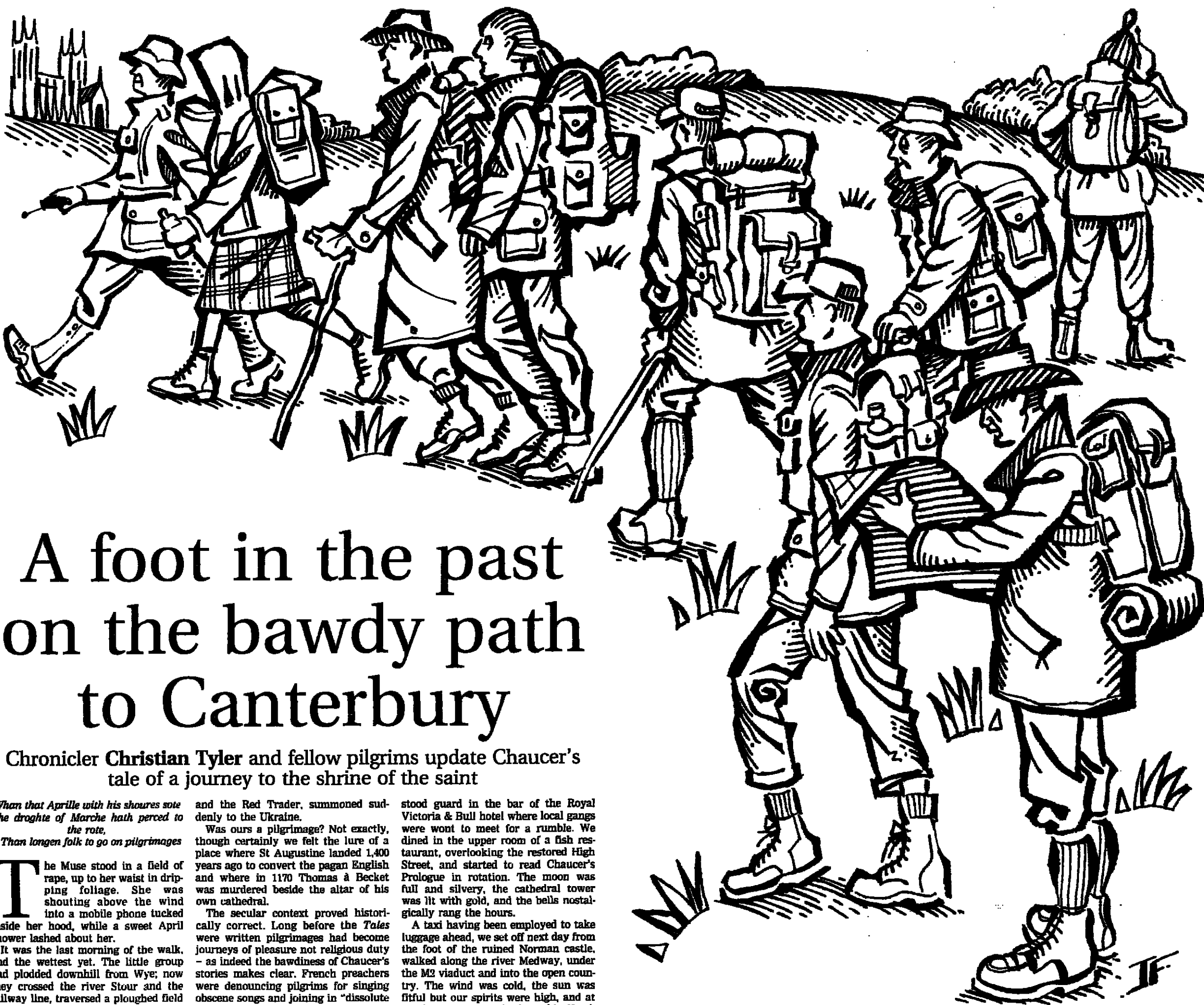
Arts	VII, VIII	Motoring	XII
Arts guide	XIX	Outdoors	XII
Books	V, VI	Perspectives	II-IV
Bridge Chess Crossword	II	Property	XV-XVII
Fashion	X	Joe Rogaly	III
Food & Drink	XIII, XIV	Small Businesses	II
Gardening	XII	Sport	IX
How To Spend It	X, XI	Travel	Separate section
Lunch with the FT	III	Weekend highlights	XX, XXI



Joe Rogaly
Melting pot
'Many immigrants to the US add to the dynamo that powers American society'
Page III

NEXT WEEK
Renting here and there
'Wear and tear means something very different in the UK and the US'
In FT Weekend

PERSPECTIVES



Prosperity
and the
lessons of
history

A foot in the past on the bawdy path to Canterbury

Chronicler Christian Tyler and fellow pilgrims update Chaucer's tale of a journey to the shrine of the saint

When that April with his showers sote
The droghte of Marche hath perced to
the rotes,
...Then longen folk to go on pilgrimages

The Muse stood in a field of rape, up to her waist in dripping foliage. She was shouting above the wind into a mobile phone tucked inside her hood, while a sweet April shower lashed about her.

It was the last morning of the walk, and the wettest yet. The little group had plodded downhill from Wye, now they crossed the river Stour and the railway line, traversed a ploughed field and a main road, and clumped up a steep and slippery path to gain the heights of the North Downs beyond.

Geoffrey Chaucer finished writing *The Canterbury Tales* almost exactly 600 years ago (though his project was never completed), and died in 1400. He may himself have made the pilgrimage to Canterbury in 1388 but the journey described in his most famous book is fiction, glorious fiction.

Has anybody, in all those centuries, ever thought of re-enacting the *Tales*? Who knows. But they were being enacted now, and the week after Easter, AD 1998, seemed as good a time as any to do it.

It was the Chronicler's idea to reinterpret Chaucer's book in a modern idiom, not literally to reconstruct it. We would walk, rather than ride on horses or donkeys; we would follow the pleasantest route, the North Downs Way and the Pilgrims' Way, avoiding the tarmac which now covers much of Chaucer's presumed path. Our tales – borrowed, adapted or invented – would try to illuminate today's world for people living 600 years hence. Above all, we would enjoy ourselves.

Narration is a forgotten art (though said to be making a comeback). The challenge was not so much to find Chaucerian characters as walkers prepared to talk, and talkers prepared to walk.

The Poet, for example, had damaged his knee, and the Rabbi suffered shortness of breath: they, like others, joined us along the way. We lost the Oxford Don, invited to Zimbabwe, the Political Correspondent, facing a book deadline,

and the Red Trader, summoned suddenly to the Ukraine.

Was ours a pilgrimage? Not exactly, though certainly we felt the lure of a place where St Augustine landed 1,400 years ago to convert the pagan English, and where in 1170 Thomas à Becket was murdered beside the altar of his own cathedral.

The secular context proved historically correct. Long before the *Tales* were written pilgrimages had become journeys of pleasure not religious duty – as indeed the bawdiness of Chaucer's stories makes clear. French preachers were denouncing pilgrims for singing obscene songs and joining in "dissolute dances with the lewd village folk over the very graves in the churchyard."

Our tales – borrowed, adapted or invented – would try to illuminate today's world for people living 600 years hence

There were to be other unforeseen coincidences with the past.

Chaucer's 29 pilgrims assembled at the Tabard Inn in Southwark on Tuesday April 16, and rode for four days. The Tabard being defunct, our smaller party assembled on April 13, Easter Monday, at the nearby George Inn, a galleried coaching inn where Charles Dickens is reputed to have studied London low life. Among the sending-off party was the Student, who fleetly opened our account with a story about three rebellious daughters.

For aesthetic and physical reasons it had been decided to skip the suburban sprawl of London and take the train to ancient Rochester, where Chaucer's party would have passed its second night.

Red-robed choristers were singing evensong in the cathedral when we arrived, and dinner-jacketed bouncers

stood guard in the bar of the Royal Victoria & Bull hotel where local gangs were wont to meet for a rumble. We dined in the upper room of a fish restaurant, overlooking the restored High Street, and started to read Chaucer's Prologue in rotation. The moon was full and silvery, the cathedral tower was lit with gold, and the bells nostalgically rang the hours.

A taxi having been employed to take luggage ahead, we set off next day from the foot of the ruined Norman castle, walked along the river Medway, under the M2 viaduct and into the open country. The wind was cold, the sun was fitful but our spirits were high, and at lunch in a lonely pub, the Robin Hood, the Writer gripped us with his Celtic version of the *Tiresias* story.

Ours was an anarchic collective. We had appointed no Host to chide and guide us, and although the path was in most places obvious, there were as many opinions as there were map-readers.

We got into a fine confusion at the top of Boxley Hill and the descent into the valley involved a nasty encounter with commuter traffic. After only two days we had become simple rustics, terrified by the drivers who flashed past us, their eyes popping and knuckles white on the steering wheel. For long stretches the treble titterings of skylarks were accompanied by the bass hum of a distant motorway.

At dinner in The Bull at Penenden Heath that night, it was the Actress's turn to tell the tale of how a fading prima donna took her revenge on a young actor who tried to steal her diamonds.

On Wednesday morning the radio said that much of the Midlands was under water and that folk in the West Country were being advised to stay at home. Apart from flurries of sleet and snow, Kent looked passable. Besides, we were already insured to the weather. Cloud had descended to the tops of the downs; it swirled about the Duluxed bungalows, transforming them into pagodas from a Chinese scroll painting. It seemed prudent to take the lower path, the Pilgrims' Way, whose signposts display the scallop shell of St James of Compostela (*coquilles St Jacques*).

Here the Chronicler embarked on his tale of a young Uighur girl from western China who, after many vicissitudes, was reunited with her childhood sweetheart in the computer department at Canterbury University. The story was concluded over an excellent lunch in the Dirty Habit at Hollingbourne where the party was joined by the Poet, the Motor Mechanic, and a musical performer, Attila the Stockbroker, who wielded a Bohemian fiddle.

Strange items of apparel were produced. The Actress donned a pair of gaiters which the Writer said, gave her the look of a prize Buff Orpington hen. The Fair Wife of Cambridge, a novice walker, had seized a heavy branch from the roadside in order to subdue the mud – for the Fair Mud of Kent is a putty-like clay of exceptional sliminess.

In a back room of the Dog and Bear at Lenham the Poet gave us a short lesson on Chaucer's use of the iambic metre, then read his story of a middle-aged MP obsessed by Charnaudine, a black teenage temptress from London's East End. The Political Adviser followed with a true and moral tale of how local democracy can sow discord. "Infinitesimal power corrupts infinitesimally," she declared. "But it's enough." The night closed with Attila the Stockbroker and his handman performing their rock opera, *Cheryl Leaves Home*, a bawdy saga of transpotting, drug addiction and illicit goat-love.

On Thursday the sun came out. The

pastures turned a luminous green and the lambs, white and fluffy as the clouds, jumped about wagging their tails. Lunch at The Wheel in Westwell was followed by the Motor Mechanic's Tale of a woman's dalliance with a gypsy. The Fair Wife of Cambridge read a poem in Chaucerian metre featuring jumbo jets, jealousy and the National Lottery.

Dinner was at the Tickled Trout in Wye. Salmon on croûtes and six bottles of wine were the prelude to the Muse's Tale: an apparition of the Virgin and the disappearance of a husband. Joined now by the Teacher and the Foreign Correspondent, we put up at the agricultural college: it was clean, plain and comfortable.

By the final day two things had proved indispensable. One was the pilgrim's staff, which gave each walker an appropriately medieval air. The other was the mobile phone, for ordering lunch and confirming rooms. At Chilham we saw a 7ft sarcophagus of Purbeck stone which might have contained the bones of St Augustine himself (he was well over 6ft) and a stump of yew said to be 1,200 years old, and were joined by the Man About Town.

Like figures in landscape painting, oblivious now to aching legs, we crawled cheerfully over the last seven miles, heard the roar of the M2, crossed the motorway and made the final ascent to Harbledown (or "Bob-up-and-down" as Chaucer nicknamed it). At the first sight of Canterbury cathedral

we stopped, grinned and shook each other by the hand, then plunged into a nearby hotel to drink champagne.

That night, in the Thomas à Becket pub, the Foreign Correspondent gave us a Cold War parable and the Photographer told a Swedish romance.

The morning found us at the cathedral, where the place of Becket's murder is marked by a modern sculpture of four red-tipped swords over a stone table. His glided shrine behind the high altar was destroyed by Henry VIII at the Reformation; today a single candle marks the spot.

Our final rendezvous was lunch in the chamber of the gatehouse at St Augustine's Abbey, now part of King's School. We sat in a semicircle and heard the last of the tales: from the Man About Town a sequel to the Errol murder mystery in Kenya, from the Teacher his dream of a medieval funeral in the church at Wye, and from the Muse's Mother, narrated *in absentia*, a moving vision at the Transition of St Thomas. The Rabbi was there again with his wife, and told of an extragalactic Messiah sent to earth to report on whether the planet should be permitted to continue another 1,000 years.

We hope to collect our Canterbury Tales into a small book. And, having broken a 600-year silence, we might just do it all over again for Chaucer's anniversary at the millennium.

Chaucer and his England, by G.G. Coulton, 1908

The man who would be King

When the restoration trumpet calls, Portugal's blue-bloods will be ready, writes Christina Lamb

When the Count of Calheiros, his gold signet ring bearing the family arms,

slipped out between dessert and coffee to "telephone the king", it seemed a little churlish to point out that Portugal is a republic and has been since 1910.

In the country's northernmost province of Minho, where Portugal itself was born in 1147, its founding families live in their own world, and in the count's case, a white-towered palace overlooking the ancestral lands.

Inside antique-cluttered homes, the grand families socialise with other dethroned European royals, talk of court intrigues of the 16th and 17th centuries as if they were events of yesterday afternoon and recall who supported which side in the 1832-4 War of the Twin Brothers. After a few days in their company, I would not have been surprised if a royal herald had appeared bearing news of a skirmish with the eternal enemy, Spain.

These days, battles with the Spanish are reduced to boycotting their television signals and there is no real booty to be

fought over. And with no humble peasants to tax since the overthrow of the monarchy, things are tight for even the bluest-blooded nobles. Searches for family treasure buried during the Napoleonic invasion having yielded much of nothing, many have been forced to open the ancestral seats to paying tourists to prevent them from falling into ruin.

Were it not for the rude invasion of bed-and-breakfasters, life in Minho, Portugal's most traditional province, would seem little changed from the medieval. True, unsightly modern houses have sprung up, built by *emigrantes*, Portuguese who have worked overseas, and money from the European Union has paid for a motorway connecting it to the metropolis of Oporto.

But, for the most part, it is a rural idyll of ox carts, vineyards, women in the fields harvesting

grain, later stored in raised stone granaries, while men in woollen caps drink *bagaço*, the local brandy, and discuss the workings of the non-royal world.

But the nobles of Minho want more than just a traditional life-style. Royal standards fly from their towers, monarchist banners are displayed over vast granite fireplaces in their drawing rooms, "Bring Back the King" car stickers grace the windows of vehicles which have seen better days, and they conspire in each other's banquet halls to restore the throne.

The honoured guest at these occasions is Dom Duarte de Bragança, whom they address as *Vossa Alteza Real* (Your Majesty), and who would be king if Portugal were ever a monarchy again. Meanwhile, he lives in a borrowed, yellow house in Sintra and waits, having performed his kingly duty of marrying a young

wife and producing two heirs – the wedding and christenings all shown live on television. I used to live in Sintra and run into him on the bus. He seemed pleasant

Many an ancestral seat has had to be opened to tourists to stave off ruin

enough, though his brother Prince Miguel has a strange predilection for painting aliens. It is hard to see why anyone would want either of them as monarch. Over coffee in monogrammed Limoges cups and crystal glasses of lemon liqueur – a gift from the Prince of Sorrento – the Count of

Calheiros explains: "Small countries like ours don't get taken seriously unless they have a monarchy. It's a way of asserting identity when states are all trying to make themselves felt. Look at Spain – nobody in Europe would recognise the Spanish prime minister if they ran into him in the supermarket, but they all know King Juan Carlos."

"We're trying to get rid of ours!" I joke about the British royals, Francisco de Calheiros looks at me as though that is precisely the sort of comment one would expect from someone whose family tree reaches no further than a great-grandfather who restored furniture. His own family dates from the start of the monarchy in the 12th century and he clearly longs for the days when the Calheiros had their own 100-strong private army and dispensed justice over lands which stretched as far as the eye

could see. In the meantime, he has to make do with being chairman of the local council.

The Calheiros are far from being the oldest family among the Minho aristocrats, all of whom engage in an intriguing game of heritage one-upmanship. At the imposing Casa de Sezim, lord of the manor Ambassador Antonio Pinto de Mesquita says he can trace his family back to the eighth century when Portugal was run by Visigoths, and that his family army was decisive in several battles against the Spaniards. Someone in his household asks me if I noticed the lack of heirlooms in the Calheiros' manor, letting slip that, having sold them in hard times, the family are now having to "buy in" antiques.

Seating plans must be a nightmare when these nobles discuss campaign strategy at tables where their medieval ancestors

once plotted battles. It is no good arranging people by seniority of title. The ambassador cites his family's lack of title as something to be proud of, telling me: "My family is older than the royal family so they could not give us a title." Another neighbouring royalist, Dom João Santiago de Sottomayor – a relative newcomer tracing his family back only to 1300 – insists: "We say that don in Spain, prince in Italy and marquis in France is not worth a peanut. Dom is much more important than other titles in terms of the respect with which one should be treated."

The nobles of Minho are currently planning a network of royalist cells across Portugal and a campaign to raise Dom Duarte's profile beyond being the nation's favourite opener of fetes. In true aristocratic fashion, the fact that the rest of the country seems quite happy being a republic does not concern them. But, with royal toasts, age-old scores to settle and marriages of offspring to arrange, I wonder if they ever get down to business. Meanwhile, they do a good line in bed and breakfast.

2012/05/09

BOOKS

Prosperity and the lessons of history

Max Wilkinson on a breathtaking work which explains why some empires failed while others grew rich

There are two ways to get rich (apart from luck): by force or by industry. Until the industrial revolution, the usual way was by force. The Romans did it by methodical conquest, enslaving captives and exacting high taxes from the rest. The Spanish conquistadores looted a continent, torturing and killing in the name of Jesus and greed. In ancient China, the population was imprisoned under tight bureaucratic control for the enrichment of emperors. Yet, effective as such methods

THE WEALTH AND POVERTY OF NATIONS
by David Landes
Little, Brown £20, 650 pages

have been, they turned out to be blind alleys. The Romans ran out of slave labour and of the social discipline needed to control their armies. China's ossified society stifled inventiveness and blocked economic progress. As for Spain, Latin-American gold allowed the rulers to retreat into conservatism and religious bigotry, so when the loot was spent, the country found that it had killed or exiled most of those who knew how to make a living in the world.

In a book of breathtaking scope, David Landes, emeritus professor of history and economics at Harvard University, has set out to explain many such failures in the history of the world, and why a few countries became far richer than could be expected from their size or military might. This is an exciting and important book for three reasons. First,

Landes frequently changes focus - from the great panoramas of history to fine and telling detail, such as the stupefying horrors of war, the miseries of slaves, or the tale of a Japanese weaver before the second world war, imprisoned by the work ethic, poverty and her mother-in-law. From such causes other people prospered, but with very different consequences.

Second, Landes shows an amazing breadth of scholarship, indicating many historical perspectives besides his own, with lots of pithy asides.

Third, he has a robust theory, which he expands with pleasant irony and an eye for suspense. His story is about the many ways in which enterprise and economic advance has been held back by authoritarianism in all its unpleasant guises - political, military, religious and intellectual.

Why was it, for example, that China, which invented printing, gunpowder, primitive clocks, the compass, porcelain, spinning machines and even the blast furnace, failed to produce a scientific and industrial revolution such as happened later in Europe? There may have been many reasons, but Landes points out that progress was simply against the interests of the ruling class. Keeping things quiet and stable was much more important than increasing the productivity of workers. For any group which started to get rich, or to trade with the outside world, might form a rival power group - as happened with the rise of the merchant class in Europe much later.

In Europe, by contrast, Landes believes that much more favourable conditions for the development of enterprise were created in the turmoil which followed the fall of the Roman Empire. Power in the medieval period was fragmented between states and principalities, and within them, between different interests. It was therefore possible for subjects to become prosperous without the certainty that it would all be taken away by a greedy empire - although, of course, there were plenty of wars.

In this, Europe was different, not just from China but from most other large empires such as fourth century Persia, Aztec Mexico and Inca Peru. Moreover, medieval Europe did not have abundant labour in the form of slaves or serfs. So rulers who wanted to get rich needed to support productivity increases. To begin with these were relatively simple, such as improved ploughing with big horses, but by degrees the effects were profound.

Landes emphasises several apparently trivial inventions which started the process of industrialisation much earlier than most people think. The development of the eyeglass around 1300, for example, doubled the productive life of many skilled workers and opened the way to types of design and instrumentation which had not been possible before. The water wheel, developed in the final century of the Roman empire, began to make a big contribution to European industry from the 10th and 11th centuries.

Then, the mechanical clock made business much easier, by allowing people for the first time to meet at an appointed hour,

outside the control of the authorities. It also allowed productivity to be measured with much more precision. Then printing came, helping to liberate people from the church's authority, and spreading literacy which could be used for business purposes. Landes shows, with plenty more interesting details, that the renaissance and the industrial revolution did not just spring up like mushrooms from the condition of the times, but had a long gestation right back in the dark ages.

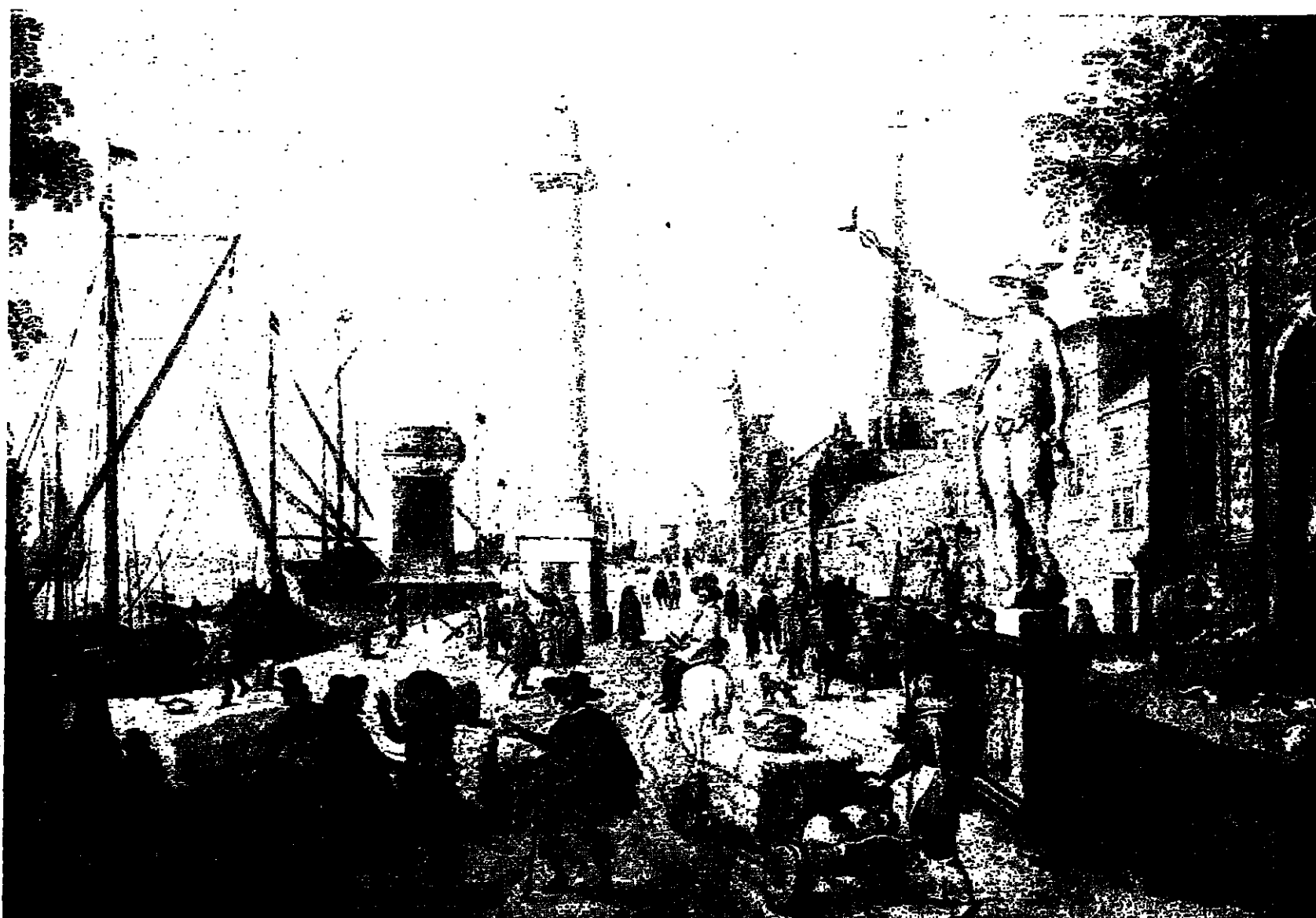
The key ingredient was freedom. This was entirely relative, since most peasants were far from free. But in contrast to the great despotic empires, there was sufficient freedom for local seigneurs, for skilled workers and for merchants to experiment with new techniques, and where these

were successful to invest in machines which would replace labour.

Landes follows this theme through much of the later history of the millennium: the contrasting effects of fortunes built on trade in the East Indies and on slavery in the West Indies; the reasons for the failure of the Spanish, Portuguese and Dutch trading empires to capitalise on their early success; why British freedoms and 18th century industrial techniques proved such a potent combination; and why the UK later lost its industrial leadership in Europe to Germany, France and the Netherlands.

In his chapter on the rise of the North American colonies (a marked contrast to the stagnation in South America), he looks also at the contribution of religion and social organisation. Was the "Protestant" work ethic the cause or the effect of free men trying to make good? Well, it was no doubt a bit of both. Landes describes the interaction acutely in the US and later in Japan after the Meiji restoration.

This is a book which takes Adam Smith's *Wealth of Nations* as its text and unashamedly bangs the drum for the liberal ideals of freedom, hard work and open markets, but its tone is scholarly and persuasive, particularly in the earlier periods. Later on, he skims over Russia's great socialist experiment rather too rapidly; and his analysis of such phenomena as the decline of the British motor industry follows a familiar route. But these are quibbles. It is a formidable work containing many surprises and insights and, above all, wisdom.



Fortune landing: trading at the busy port of Antwerp, by Sebastien Vranckx (1573-1647)

The Bridgeman Art Library

Elspeth Huxley died last year at the age of 90. Best known for her vivid African memoirs, she was also a considerable novelist who, in *Red Strangers*, achieved a scale that could fairly be called epic. It is the saga of a Kikuyu family spanning four generations, beginning before the coming to Kenya of the British ("red" strangers because unburned), and ending with the birth of a new baby girl, christened Aeroplane by her father ("His wife, he thought, would never be able to pronounce such a difficult word; but educated people would know, and understand"). Its 400 pages are gripping, moving, historically and anthropologically illuminating, humanistically mind-opening... and, lamentably, out of print. I had an unrealistic youthful ambition to write a science fiction novel. It would follow an expedition to, say, Mars, but seen through the eyes (or whatever passed for eyes) of the native inhabitants. I wanted to manoeuvre my readers into an acceptance of Martian ways so comprehensive that they would see the invading humans as strange and foreign aliens. It is Elspeth Huxley's extraordinary achievement in the first half of *Red Strangers* to immerse her readers so thoroughly in Kikuyu ways and thought that, when the British finally appear on the scene, everything about them seems to us alien, occasionally downright ridiculous, though usually to be viewed with indulgent tolerance. It is the same indulgent amusement, indeed, as I remember we bestowed upon

Rereadings/Richard Dawkins

Out of the soul of Africa

Africans during my own colonial childhood.

Huxley, in effect, skilfully transforms her readers into Kikuyu, opening our eyes to see Europeans, and their customs, as we have never seen them before. We become used to an economy

personally swindled when the statement, "The rupees that I pay you can later be changed into goats", turns out to be literally untrue. When Kichai (all white men are referred to by their Kikuyu nicknames) gives orders that his fields should be manured, we realise that he is mad. Why else would a man try to lay a curse upon his own cattle? "Matu could not believe his ears. To bury the dung of a cow was to bring death upon it, just as death, or at any rate severe sickness, would come to a man whose excreta were covered with earth... He refused emphatically to obey the order." And, such is Huxley's skill that even I, despising as I do the fashionable nostrums of "cultural relativism", find myself endorsing Matu's good sense.

We are led to marvel at the absurdity of European justice, which seems to care which of two brothers committed a murder: - what does it matter? Are not Muthengi and I brothers? Whichever it was that held the sword, our father Waseru and other members of our clan must still pay the blood-price. Unaccountably there is no blood price, and Matu, having cheerfully confessed to Muthengi's crime, goes to prison

where he leads "a strange, comfortless life whose purpose he could not divine." Eventually he is released. He has served his time but, since he didn't realise he was doing time, the event is of no significance. On returning to his own village, far from being disgraced, he has gained prestige from his sojourn with the mysterious strangers, who obviously regard him highly enough to invite him to live in their own place.

The novel takes us through episodes that we recognise as if from a great distance: through the first world war and the ravages of the subsequent Spanish 'flu, through smallpox epidemics and worldwide economic recession; and we never once are told in European terms that this is what is going on. We see all through Kikuyu eyes. The Germans are just another white tribe, and when the war ends we find ourselves wondering where are the plundered cattle that the victors ought to be driving home. What else, after all, is warfare for? Ever since borrowing *Red Strangers* from the library, I have been on a ceaseless quest to acquire a copy of my own. It has been my routine first question on every visit to Hay-on-Wye. Finally, I tracked down two old American copies simultaneously on the Internet. After so many years of restless searching, I could not resist buying both. So now, if any reputable publisher sincerely wants to look at *Red Strangers* with a view to bringing out a new edition, I will gladly make available one of my hard-won copies. Nothing will part me from the other one.

Fiction/Brian Martin

An alternative charge of the light brigade

Beryl Bainbridge is at her best in *Master Georgie*. She uses the metaphor of life, in which lies all the concerns of this ingenious novel: that the medium obscures the message (one of the novel's three narrators comments "speech was invented to conceal thought"); cause and effect; chance and predestination; innocence and evil; the same thing looking differently from varied viewpoints. Above all, how it can distort the truth.

Her novel is a Jamesian miniature in which the central character, George Hardy, fanatical about photography, turns himself into a surgeon and, after some frightening practise removing cataracts from the eyes of an ape, becomes a regimental surgeon in the Crimean war.

The chapter-headings are titles of photographic plates; and each chapter is composed - its picture taken - by one of three characters: Myrtle who is Master Georgie's admirer ("You forget that I understand obsession," she remarks), Dr Potter, a geologist profoundly moved by the famous Charles Lyell, and Pompey Jones, photographer's assistant, with whom Georgie has an ambiguous relationship. Each

shows how differently people view the same person or the same event, and how well Beryl Bainbridge understands this.

She writes with precise economy. It is a superbly entertaining, teasing book full of mysterious intimations which encourage you to turn back the pages to ponder and re-interpret what has

MASTER GEORGIE
by Beryl Bainbridge
Duckworth £14.99, 190 pages

gone before. It is subtle and sinister: we can never fully understand other people's relationships. Is Myrtle Georgie's young sister, as she is often taken to be? Does Georgie commit incest? Does he have a homosexual relationship with Pompey Jones?

Beryl Bainbridge is exact in her observations: "The goat had an aristocratic head and golden eyes: its front legs quivered"; Potter's wife's "breath smelling of chocolate pudding, thighs reeking of that exciting odour of crayfish"; a French admiral, "It was evident from his drooping mouth and tremulous gait, each step placed as though fearful of

encountering a quicksand, that his days were numbered."

They combine with precise phrasing: Potter comments on Naughton, a Liverpool burglar and entrepreneurial chancer who accompanies the troops to the Crimea, "I formed the opinion that profit rather than patriotism ignited his sense of duty."

She is proverbial: "When passion is mutual, there is always the danger of the fire burning to ashes." Her tone is pervadingly of wry humour. Potter's reading of Lyell's seminal *Principles of Geology* turns him into a different person: "Man is so buffeted by shifts of thought and mood, not knowing from one day to the next what he truly feels, that a shifting earth is well-nigh the last straw." "Harry is very fond of birds. He shoots them in Norfolk."

Master Georgie is a brilliant miniature, an act of piety to Liverpool, and has that intriguing quality which leaves us to decipher what Henry James called "the figure in the carpet". As we know, all history is fiction: Cecil Woodham-Smith's celebrated re-creation of the Charge of the Light Brigade is one Crimean sort. Beryl Bainbridge's *Master Georgie*, in which we hear of that brave disaster, is another.



Joe's 16th birthday was special. His cellmate hanged himself.

Joe had been on remand for over four months. He knew his cellmate was desperate. It wasn't just the bullying, it was what they were making him do.

It was lucky Joe was there. He held on to the boy till help arrived. His cellmate survived, but Joe ended up in hospital suffering from trauma. When his case came up, he didn't get a jail sentence, but he'd already learned everything there is to know about intimidation, theft and mugging.

The Children's Society is helping boys like Joe.

As the only national charity working with 15 and 16 year olds on remand in prisons we know there are better ways of turning boys away from crime than locking them up in prison. We have the results to prove it.

If you believe every child deserves a decent chance in life, you believe in everything we stand for.

If you would like to know more, or make a donation, call our 24 hour donation line: 0345 32 10 28 <http://www.the-childrens-society.org.uk>

The Children's Society
A Voluntary Society of The Church of England and The Church in Wales
Charity Registration No. 251124
20030171

BOOKS

From time to time, a book takes on a meaning in the world far beyond anything its author – or in this case its subject – could have imagined. When Gitta Sereny, a journalist whose previous fields of inquiry have included the child survivors of concentration camps and the life of Hitler's architect Albert Speer, set out to write a book about a case which had troubled her for many years, she can scarcely have envisaged the tabloid feeding frenzy which would accompany publication.

The events covered in the book, a 30-year-old crime in which an 11-year-old girl killed two toddlers who lived near her home in Newcastle, were published at the time without provoking the moral panic which erupted when its planned serialisation in *The Times* leaked out a couple of weeks ago. Indeed Sereny wrote an earlier book on the trial, at which Mary Bell was convicted of manslaughter and her close friend, Norma Bell – the girls

Victim of her circumstances

This appalling tale of a child killer should be read as a catalyst for change, writes Joan Smith

were unrelated – was acquitted. The difference, this time round, is that Sereny has finally managed to talk to Mary Bell and unearthed a story which begins to make sense of, although it does not attempt to excuse, those tragic weeks in 1968.

The tabloid view of individuals like Mary Bell, expressed so forcefully in the last few days that she was forced to go into hiding, is that they are evil. This is a pessimistic approach to human nature, derived from the Christian doctrine of original sin, and it offers the twin advantages of simplicity and a licence to blame. John Major, prime minister at the time of the trial of the two boys who killed the toddler James Bulger in 1993, explicitly endorsed this approach when he suggested

that, in such cases, society should understand less and condemn more.

The very existence of Gitta Sereny's book is a measured rebuke to this witless response, insisting that it is only by understanding that we can prevent further tragedies. The Mary Bell described in *Cries Unheard* is not a monster but a child growing up in a household so dysfunctional that conditions which the rest of us take for granted – affection, stability, the urge to protect and care for children – suddenly appear as exotic importations.

Mary's mother, a disturbed woman who worked as a prostitute and carried around a bulging satchel full of medications on death, rejected her eldest child on several occasions and probably tried to

poison her. Her stepfather, whom Mary wrongly believed to be her natural father, was frequently on the run from the police and told the children to refer to him as "uncle" to throw the authorities off his trail.

CRIES UNHEARD: THE STORY OF MARY BELL
by Gitta Sereny
Macmillan £20, 393 pages

In the weeks before the killings, Mary ran away from home, assaulted other children and vandalised a local school. No-one could read this grim account of her childhood, based on a long series of interviews with Sereny, without recognising desperate disturbance and an inability on Mary's part to

express what was so seriously wrong with life at home. Even if the most contentious section of the book, Mary's recollection of sexual abuse at the hands of her mother's clients when she was four or five years old, consists of a mixture of fantasy and reality, it could only be the product of growing up in a household where the normal boundaries – especially the ones which protect children from inappropriate sexual knowledge – had never been in force.

Mary Bell emerges from this book as a victim of appalling cruelty and neglect who turned her rage on two smaller, helpless children. She was then decanted into a criminal justice system which did not know what to do with her, and seems to have exposed her unwittingly to further sexual abuse. In that

sense, Sereny's book demands to be read as a catalyst for change, both in terms of protecting children from familial abuse in the first place and in the way they are treated when they end up in court on the most serious of charges.

At the same time, and without questioning its serious purpose, it has to be said that *Cries Unheard* is a flawed project. The book is badly written, resembling an extended magazine article in the way it presents undigested goblets of conversations between Sereny and Bell. For all her attempt to maintain the role of unbiased inquisitor, Sereny's own preoccupations dominate long sections of the book, most notably her fascination with Bell's lesbian experiences in women's prisons. Again the

question of the boundary between fantasy and reality intrudes into the text, and it is impossible not to be troubled by a sense that the reader is being asked to share a kind of authorial prurience.

These reservations do not invalidate the book or Bell's right to talk publicly about what she did in 1968 without being confronted by a lynch mob. What emerges from *Cries Unheard* is her inability to explain the two terrible crimes she committed, in terms of a motive which would be understood in court, but also a picture of increasingly disturbed behaviour which adults – family, police, social workers – did not register in time to avert disaster. What seemed inexplicable, as a recitation of bald facts, has been rendered less opaque by its publication, the reader does not have to accept every word of Sereny's interpretations to recognise the book's significance, to which the hysteria whipped up by the tabloid press is an inadvertent tribute.

Theatre and the meaning of life

Simon Callow assesses the unparalleled career of Peter Brook

This is the sensational book about a life in the theatre. It is a tell-all autobiography, in which its author stands naked and exposed. In its pages, he commits the ultimate indiscretion: he tells us what he really believes, and so reveals himself at the extremities of vulnerability, wide open for mockery. I doubt, however, whether many who read it will mock. Peter Brook's *Threads of Time* is no missionary tract, but it is unlikely that anyone involved in the theatre will not find themselves questioning their work and their lives at fundamental levels.

Brook, most revered of living directors, has had an unparalleled career, from youthful prodigy to king of the boulevard; from firebrand head of productions at Covent Garden (at the age of 21) to supreme master of the classical repertoire; from theatrical revolutionary to philosopher-explorer of performance. His productions, from 1944, when he was 19, to the work of today, when he is in his mid-70s, stretch out like a series of beacons illuminating the post-war stage: *Dr Faustus*, *Love's Labour's Lost*, *Boris Godunov*, *Irma La Douce*, *Titus Andronicus*, *The Marat Sade*, *A Midsummer Night's Dream*, *The Tragedy of Carmen*, *The Mahabharata*, *The Man Who*.

The diversity is bewildering, not simply in repertoire, but in approach – can the man responsible for *Ring Round The Moon* really have created, a few years later, the savage and primitive RSC *King Lear* with Paul Scofield? Only Max Reinhardt among his predecessors has evinced a similar stylistic polymorphousness; but there is a crucial difference, and this book explains it. Reinhardt was a virtuoso, a peerless technician, and a glorious innovator, but all this was an end in itself. Brook, at first unconsciously, then with full awareness, has been searching for something essential, the something that makes theatre worth seeing and life worth living.

His autobiography charts this search, from his childish excitement at the miracles wrought in his toy theatre and with his film projector and his early preoccupation, as a result, with the question central to both theatre and philosophy: "what is real?" Like

many great artists, he had a period of childhood illness, with a two-year convalescence during which he dwelt largely in his imagination. He was able to see what a double-edged sword it can be: "what we call living is an attempt to read the shadows, betrayed at every turn by what we easily assume to be real." Nurtured by the love of his Russian Jewish parents, his complex mother, strumming soulfully at the piano, murmuring, "Dusha bulit, dusha bulit," (the soul hurts), and his wise and generous father, Brook emerged from childhood, as he says, with the priceless gift of inner security, which has enabled him to go forward so fearlessly. His determination from

THREADS OF TIME
by Peter Brook
Methuen £17.99, 256 pages

the earliest age is striking: his career immediately became a conquest of the theatre's commanding heights.

He has written wonderfully about all levels of the theatrical process. *The Empty Space* is a masterpiece of clarity, and his two subsequent slim volumes have added elegant insights. *Threads of Time* is something else, written in a style both lapidary and pellucid, as if engraved on glass. He distils experience into the simplest, most compact of phrases. No one writes better about actors; of Paul Scofield, for example ("I looked into a face that unaccountably in a young man was streaked and mottled like an old rock, and I was instantly aware that something very deep lay behind that seamless appearance"), and of Laurence Olivier: "His great strength was that of an ox... the dazzling virtuosity of his acting came from a painstakingly composed mosaic of tiny details which when finally assembled could flash by in sequence with breathtaking speed, giving the illusion of glittering thought." Brook worked with virtually everyone of interest in the theatre of his time. Happily busy, he was, however, increasingly disturbed by the lack of residue of his efforts; and whenever he stopped working, he experienced a sense of meaninglessness.

He is engagingly candid about his failures and misunderstandings. His commitment to theatrical illusion and pictorialism, his need for control, his choreographic imposition of shapes and patterns – much of this deriving from his first ambition to be a film director – were shed, one by one, as he began to deal with "the difference between thinking in terms of the result one desires and... the source of energy in the actor from which true impulses arise".

These artistic dissatisfactions ran parallel to a development in his inner life. By a series of happy not-accidents, he discovered the means by which he could develop and strengthen his intuitive conviction that there was a factor which distinguished good from bad, fresh from stale, vital from moribund. This was the system of esoteric exercises brought to the west by the Armenian aviator, Georgi Ivanovich Gurdjieff. He has worked ceaselessly on himself, and his work – not explicitly, except in the film he made of Gurdjieff's great allegorical autobiography *Meetings with Remarkable Men* – has constantly reflected this.

Brook writes of his spiritual path with honesty, clarity and simplicity. There is no pretending, however, that it is easy to convey in words what can only, by its nature, be directly experienced. What he does superbly convey is the attitude of a quester, open, tireless, and modest, particularly in his account of the three-year research journey through Afghanistan and Africa undertaken with his group from the Centre for International Theatre Research. He alludes to the Valley of Astonishment that figures so prominently in *The Conference of Birds*. It is where he has taken up permanent residence.

Life today disturbs him ("our world is sliding deeper and deeper into the bitter abominations that the *Mahabharata* predicted: the age of darkness is all around us"), but finally he offers the most important of all his many distillations: "how to survive is an urgent question but it can easily cover up a far greater question: why?" This book suggests a possible answer. "We only begin to exist when we are serving an aim beyond our own likes and desires."



From theatrical revolutionary to philosopher-explorer of performance: Peter Brook

Finance loses the plot

Thrillers

Medical thrillers, legal thrillers, spy thrillers, racing thrillers: why not financial thrillers? Money is the main motivation of many criminals in other genres and, if the public can lap up the kind of hardware details beloved by Tom Clancy, surely they can

learn to love the world of Eurobonds and leveraged buy-outs?

As yet, however, the genre has yet to find its Dick Francis or John Grisham. Michael Ridpath had great success with his first thriller, *Prove to Trade*, and is now attempting to build his own franchise.

It is hard to see him

furthering his reputation with *The Marketmaker*. The premise – young man joins a small outfit on hopes of earning riches and discovers his employers may be up to no good – bears more than a passing resemblance to Grisham's *The Firm*.

In this case, our hero, who knows nothing about finance, is recruited by a firm which deals in emerging markets. Cue details of Brady bonds, International Monetary Fund negotiations and the like. He flies to Brazil to arrange a deal, gets stabbed on the beach and then kidnapped with his new girlfriend. After his escape, and amid worries about his firm's involvement in money laundering, he decides to resign; but discovers that leaving the firm is not that easy.

The writing is not exactly literary, and is at times cliché-ridden, but is perfectly readable. The problem is the plot. Those parts of the book which are exciting have little to do with finance and those parts devoted to finance turn out to have little to do with the plot's eventual resolution.

This could illustrate the difficulty facing the entire genre – with medicine, law and racing, drama is built into the nature of the

proceedings. While there is certainly drama, or at least tension, built into the real life business of trading stocks and bonds, it is much harder to communicate this to the reader. The writer thus has to fall back on standard conventions such as kidnappings and break-ins to keep the book moving.

One could use the world of money as a mere hook for something more ambitious – after all Trollope and

THE MARKETMAKER
by Michael Ridpath
Michael Joseph £10, 343 pages

Dickens placed corrupt financiers at the heart of novels.

As a modern day example, Scott Turrow is streets ahead of Grisham in terms of writing style or character development. But Ridpath does not appear to be anything like as good a writer as Turrow.

In the end, his book is a thriller which offers neither sufficient thrills nor plot twists to make it satisfying. As stockbrokers would say, a "weak hold" rather than a "buy".

Philip Coggan

Down the road to ruins

Michael Pollard is lured back into decaying country houses

As a schoolboy, I plundered the picture-rich pages of *The Destruction of the Country House* exhibition catalogue. Eyeless houses with ripped, spilled guts joined cover to cover and were uniquely and proportionately shocking. John Harris was jointly responsible for that exhibition in 1974. *No Voice from the Hall* now irons smooth its somewhat despairing world view. It's not all about demolition and doom. It's not all about the big house, either. Much of the fun consists in the arcana that accompany it – neo-gothic greenhouses, cottages, and a vicarage filled with its incumbent's paintings of naked boys.

Harris recounts how he was dragged down the road to ruins by his bachelor Uncle Sid, a gifted angler and upholsterer: a "pantheist who would lie on the grass sward of ancient... tumuli, listening to voices from the earth." A later spur and mentor would be Nikolaus Pevsner though their methodologies differed and

"It was with relief on both sides," confesses Harris, "that I was given the book after three months." He sometimes chastises Pevsner in these pages for not being stout enough of heart (he was "not one for climbing through windows"). Quite often, too, Harris criticises him for getting the facts wrong. Though it is wonderfully liberating to read of so Pentateuchal a figure as Pevsner being mistaken, at Norfolk Hall in Norfolk, for the drive

gas meter reader. It was while youth-hostelling round England after the war that Harris began country house collecting in earnest. De-requisitioned after army tenancy, these houses were often unoccupied, awaiting their owners' return from service. Many of them paraded, Miss Havisham-like, a superb, defiant decay: "Cabinets on stands, busts, chairs with rotten covers, veneers curling from tables and chests, [ancestral] portraits and Gaspardesque landscapes invisible for mildew, an overall layering of dust and cobwebs, and dirty windows inducing gloom."

There were anime diversions, too. Draycot Cerne in Wiltshire revealed "a grand tall pedimented centre of five bays" – but more alluring were a moonlighting, middle-aged caretaker dismembering cars in the rear rooms, and the corpse of an albatross in the bath tub. At Dogmersfield, a shrine to General Sikorski had been abandoned by Polish airmen. Some houses were lost in the forest like Cinderella's castle – and others were being torn down as Harris tore up the drive.

He swiftly mastered skills that would cut no ice with the Carburus at the gulch of today's Heritage sites. Access to Wulf Hall in Wiltshire – the birthplace of Jane Seymour – was obtained through the offices of one Hector Bruce Brude-

NO VOICE FROM THE HALL: EARLY MEMORIES OF A COUNTRY HOUSE SNOOPER

by John Harris
John Murray £17.99, 242 pages

neil Binney, "[a] genial rogue dealer notorious for his reluctance in paying his bills," who once shot Lord Allesbury's pet deer by mistake. Other ruses included pretending to own a painting or drawing of the house, claiming to be "the descendant of a younger son of the family who in the mid-19th century had emigrated to Australia," or straightforward trespass.

Not that Harris was trespassing at Wulf Hall. Here, however, the law intruded just as he was sitting down to a dinner of baked beans and Tizer. It was no bo ho

and explanations all round – too much for the precocious Harris, who retreated to the Beidermeier swan bed "to listen to Caruso on one of those wind-up gramophones with a large horn and needles that need constant changing."

These Jerome K. Jerome-ish tendencies have persisted into Harris's adult life. It seems, and have frequently compromised his companions. Some of his later memories of country house snooping are pungent as old cheese. He leaps a hedge with Mark Girouard to escape a prodigiously testested monster bull. He slips on the rainwashed terrace at Stratfield Saye and brings the "Dyke Duchess" down with him – the book is profuse with such picturesque and richly anecdotal performances. At its heart lies the awareness that a great house – like a garden, "loses its romantic appeal of decay and ruin" when restored and tidied up (appropriately enough, the insight hits Harris while revisiting Painshill Park in Peter Palumbo's helicopter). You would need a heart of reinforced concrete to resist the brio and gusty relish of those architectural tall tales.

NEW AUTHORS PUBLISH YOUR WORK
ALL SUBJECTS CONSIDERED
Fiction, non-fiction, Biography, Religion, Poetry, Children's
AUTHORS WORLD-WIDE INVITED
WRITE OR SEND YOUR MANUSCRIPT TO
MINERVA PRESS
2 OLD BARNHURST RD,
LONDON SW17 9JG

Business. And Pleasure.

To order any book currently available in print
Freephone 0500 500 635

FT Bookshop

250 Western Avenue, London, W3 6EF
Tel +44 181 524 5511 Fax +44 181 524 5578

FINANCIAL TIMES
No FT, no comment.

A neglected talent steps into the limelight

William Packer finds the work of reclusive artist John Wells monumental in its simplicity

John Wells is nearly 91 and the most senior, though hardly the best known, of the surviving artists of the post-war St Ives school. His reputation stands high among the comparatively few artists who know of him, and those few collectors who in recent years have been able to persuade him to part with his work.

If he is thought of at all by a more general public, it is as a half-remembered figure of the 1940s and 50s, long since consigned to the art history of British mid-century Modernism. But his present obscurity has been largely self-imposed. For, after an active and successful career of some 20 years, he had a crisis of confidence following a poorly received exhibition and all but ceased painting. For the past 30 years he has worked only sporadically, seldom showing, and then only in local group exhibitions.

So to see Wells given at long last a proper museum show and something approaching an adequate survey of his work, albeit necessarily concentrated upon what was done before 1964, is to feel regret that a painter of such quality has remained for so long neglected and unregarded.

The display now at the Tate at St Ives, *The Fragile Cell*, is the largest so far in the gallery's five years, but then Wells was never one to work on a large scale, and the show fills but one room and a lobby. It is nevertheless beautifully judged and, with significant early pieces, has been brought into the broader gallery hang, and later pieces hanging appropriately with his post-war peers, his working context is admirably established.

Wells came late to his full vocation as a painter, having trained as a doctor and been in general practice until the end of the war. But he had always cherished the ambi-

tion, taking evening classes and studying for a short time under Stanhope Forbes at Newlyn. It was, however, a chance encounter with Ben Nicholson and Christopher Wood, at Feock near Falmouth, in the same summer of 1928 when those two would meet the ancient-mariner painter, Alfred Wallis, at the back of St Ives, that gave him his true encouragement and fixed his true direction.

He kept in touch with Nicholson throughout the 1930s, through whom inevitably he met Barbara Hepworth, and also Naum Gabo, the Constructivist, who proved the stronger influence. He began to show his work occasionally, but it was not until 1945, at the age of 38, that he felt ready to make the full commitment to his painting, giving up his doctoring and setting up in a studio in Newlyn. He immediately found his identity and personal authority as an artist, so much so that by 1950, his slightly younger fellow painter at St Ives, Patrick Heron, was describing him as "certainly the most important Abstract painter of his generation in Britain today."

Importance is, of course, relative and this show makes clear that Wells's significance, so far as St Ives Modernism is concerned, rests on the linking position he holds between the older generation of Nicholson, Hepworth and Gabo, with its tendency towards a refined Constructivism and sharp, crystalline Abstraction, and the more lyrical, curvilinear, Romantic Abstraction of his younger, near-contemporaries, Heron, Frost, and, especially, Peter Lanyon.

Wells rests happily between the two, his work one moment richly associative of the light and land-



Beautiful things: 'Bristone Moth Variation', 1960, by John Wells

scape of far-west Cornwall, the next close and sharply faceted, jewel-like Abstraction. But more than significance, the importance of any art rests upon what it is in itself, and with Wells, as the art history falls away, we are left with panel after immaculately wrought panel, the images ever various in its invention or reference, and monumental in its simplicity though barely inches square. A grey boat rests on a grey

beach by a grey sea beneath a green cliff. Arcs, chords and segments of clear flat colour are held together in a rigging of taut lines. The green, blue landscape rolls away in a pattern of bright fields and margins. We are in a world not just of St Ives, but of Klee and Mondrian, Kandinsky. Within the compass of his small oeuvre, Wells bears the comparison, a provincial by choice who is in fact no provincial at all.

These are beautiful things. The show is complemented by recent paintings by John Beard, artist lately resident in Australia and Portugal and now invited to work for a period at St Ives. These large grey, abstracted images of the Andragra cliffs in Portugal, redolent of the rush and flow of the tide and the crash waves upon the rocks, could hardly be more appropriate to the gallery, with its own high view down

upon the wild and beautiful Portmeor Beach. Beard had never been to St Ives before, and with such sympathetic anxiety, we can only wait to see what he does next.

John Wells - The Fragile Cell: The Tate St Ives, Cornwall, until November 1. Supported by Great Western Railway, and the Cornish Tourist Board. John Beard - After Andragra: The Tate St Ives until November 1.

Radio/Martin Hoyle

Nostalgic for a glorious past

Last week's press conference for the Froms, still one of the greatest good deeds perpetrated by the BBC (and specifically Radio 3), was distinguished by the excellent but unenvied Nicholas Kenyon actually sniping at the status quo. Commenting on the setting (the crypt of Whitehall's banquet hall - not, be it noted, the actual hall with its Rubens ceiling which presumably only a Tony Blair kiss-in with pop stars would merit), Radio 3's embattled controller referred to Charles I who walked to his execution from this very site.

The Stuart monarchy, he averred, had nothing on the succession of severed heads in great artistic institutions in the last year; and added that there was amazement both that people in the arts still had jobs and that there were still cultural institutions left in Britain.

Let other pens, as Miss Austen (doubtless a scriptwriter for Britannia-cool TV soaps were she alive today) would say, dwell on the proms. The press conference was interesting also for the crowd of admirers who thronged around Margaret Howard, once an archetypal - in the best sense - BBC voice, now mellifluously forlorn in the arid wastes of Classic FM, urging her back to the corporation. It reminded me of the excited applause that greeted Dr Otto von Habsburg and his son at a recent Haydn concert in Eisenstadt: the romantic exile, nostalgic symbol of a glorious past.

While on the subject of both music and broadcasting voices, Radio 3's *Songs of the Opera* is an example of not matching horses to courses. Sam's unrepentantly weedy voice and itty-bitty enunciation are not redeemed by his chosen material, including, last Monday, the dullest and most pretentious part of Rodgers and Hammerstein's *Carousel* (of which he used the word "genius").

It was a relief to pass on to the unpretentious tones of *Music Machine*, Tommy Pearson knows what he's about, even if last week it was the Eurovision Song Contest. Good to hear

Jonathan King, a no-nonsense commentator on the pop scene.

I missed, but have heard outraged reports of, a Radio 3 interview concerning the Orange fiction prize for women novelists rebashed bodily, same personnel, jokes and all, on Radio 4's *Front Row*, presumably in the cause of thrift. I caught some of Radio 4's arts flagship where a film critic of whom I had never heard crossed swords with a lady popular journalist of whom I hope never to hear again over the relative values of Paul Newman and Robert Redford. The LPJ plumped for Newman because he was beautiful while Redford had red hair.

This is a fair indication of the high intellectual content of Radio 4's arts coverage, a vestigial reminder of the Home Service's *The Critics* (Ivor Brown, Harold Hobson, A. Alvarez...). Mark Lawson barged in at totally arbitrary intervals, quite often cutting off a speaker just as she was making a relevant point.

And what about *The Beaton Generation*? This is comedy, and awful, awful, awful, no two ways about it. Poor Alistair Beaton, once a notable satirist, sounds embarrassed by the assorted numbskulls, including a manic, or just desperate, audience. I never thought I would miss *Week Ending*. *Old Harry's Game* is average fifth-form stuff, a satanic comedy set in hell presided over by a devil played by the author, Andy Hamilton, another wessel-voice that was never intended for radio.

And what of *Weird Tales from the Slip Road of Urban Paranoia*? I switched on to the first of this new "darkly satirical" series to enjoy the first episode set in 2003, when a new government has established state bingo to fund the health service. It all sounded very plausible. How strange that the series has been postponed "owing to current events", whatever that means - what current events are grave enough for a satire on an evasive government wriggling out of commitments to cause offence? And to whom? Just not funny enough? Or something more sinister?

Legacy of regal hedonism

Jackie Wullschlager joins the bohemian chic at the Brighton festival

Among the frothing dragons and lotus lamps and extravagant chinoiserie of the Brighton Pavilion, one incongruous painting stands out. A podgy, naked man, swans' wings on his back, and a medal draped across his bulging belly, heads over a nude asleep by the sea, winking lecherously at the viewer as he wakes her up. Rex Whistler's brilliant, ludicrous parody of Leda and the Swan is called "The Prince Regent Awakening the Spirit of Brighton", and it is one of scores of homages to George IV dotted across the town.

In the 1780s, the hedonistic Regent set up home with Mrs Fitzherbert at the farm which later became the exotic Pavilion. Ever since, old money has come to Brighton to play at bohemian chic. Glyndebourne is down the road; Bloomsbury moved in at Charleston, the arts and crafts movement set up minutes away at Ditchling. These days, at the Brighton Festival, artists supposedly in rebellion against high culture wave flags and balloons outside their grand Victorian houses, leave the stained glass doors open and invite punters inside to view art "at home".

It is two centuries of history, then, that has determined Brighton's annual achievement in the arts: to offer, just 47 minutes from London, a unique, playful, raffish refinement, combined with international quality, which gives its festival an individuality as tangible as that of, say, highbrow Salzburg or experimental Avignon.

As the arts become more globalised, we relish local traditions. To breeze around Brighton's oddball shows, hear a world class orchestra, the Detroit Symphony, play Copland and Prokofiev in the Art Deco Dome concert hall, followed by midnight jazz on the beach, a Haydn mass in St Bartholomew's Church and a visit to Ditchling next morning is a cultural experience both heady and distinct.

The major exhibition at the museum, *A Surreal Life: Edward James 1907-1964*, epitomises the Brighton spirit. It is a sort of biographical art-deco object of James, patron of Surrealism, towering figure in bringing avant-garde art to Britain. His collection, the heart of the show, contained the finest of 1930s Surrealist art. Dali, Magritte, Cocteau, de Chirico, Leonora Carrington, are all represented here, along with letters illuminating relations between artist and patron, and recreations of the Surrealist palace James established at Monkton House on his estate. Here he collaborated with Dali on the scarlet, pouting "Mae West Lips Sofa" and posed chatting on Dali's

famous telephone with the pink lobster handset.

James, who inherited great wealth at the age of four, believed that "Surrealism is a way of seeing the world which has always existed".

Like many great patrons, his collection seems to flow from his personality; he brought what he liked and the evolution of his taste spans the century that was his lifetime. It is shown here with modesty and humour - furry mice with pink floppy ears clutch each other handle, magnets, footprints trail from the exit to the museum's permanent exhibition, where in a black and yellow 1830s mallocah stands a giant, surprised, stuffed zebra, its stripes matching the Victorian livery.

While James was rebelling against high society in West London, a gaudy experiment in the people life was thriving in Ditchling, where key figures from the arts and crafts movement - sculptor Eric Gill, calligrapher Edward Johnston, weaver Ethel Maitre - formed a community committed to the continuity of craft traditions. Their work is on permanent display at Ditchling Museum; for the festival it is joined by an exhibition of the ceramics of Shoji Hamada, the Japanese potter who is the seminal figure behind 20th century British studio pottery, who visited Ditchling in the 1920s. This show exhibits Hamada's major works in England for the first time, and this excellent small display continues to the Ashmolean, Oxford, and Bonhams, London.

Among the "Open Houses" shows, the most exciting I visited was Rosalee Dodds, showing her own white rakn pots, along with Mike Scott's wood vessels in scorched ash, stiched with designs by

blow torch; in the garden you can also test Trevor Roberts' witty wood sculptures and rest on the dim "lovers' bench" with gnomes at each end and a pierced heart in the middle.

Brighton shows its international muscle in the next three weeks. There are UK premieres of a contemporary Chinese drama, *Sailing Through the Three Gorges* from the Sichuan People's Art Theatre in Chengdu (May 13-17), of Anna Teresa de Keersmaeker's *Mikrocosmos*, danced to Bartok (May 19-19) and of Daniel Bortolozzi's *West End musical-style opera Marie Antoinette*, commissioned by Stockholm as City of European Culture this year, from the Swedish Folkopera (May 14). The Small Theatre of Vilnius, Lithuania, with a strong tradition of ensemble playing, bring *The Cherry Orchard* (to May 9); at the Royal Pavilion the Austrian lyric baritone Wolfgang Holzmair sings Schubert's "Die Schöne Müllerin" (May 13).

All this in spite of crumbling venues - the Dome concert hall and the Corn Exchange Theatre were built in 1808 as the Regent's stables and riding house. With proposed National Lottery funding, these buildings, along with the Victorian Gothic Museum and the Pavilion Theatre, will be rehabilitated into a massive arts complex, the Brighton Dome, by 2002. This is Brighton's bid for 21st century sophistication, set in John Nash's Regency garden and against the minarets and turrets of the Pavilion that still symbolise the town's waywardness. It will widen the festival's international scope, and it is to be hoped that it will not dilute its eclectic spirit.

The Brighton Festival, sponsored by Eastman Restaurant, continues to May 24, tel 01273 706771.

The hour between eight and nine o'clock this evening brings a clash between history documentaries. Luckily, although the one about ancient history is irritatingly pretentious, the other, about modern history, is fascinating.

The BBC2 programme, *Stonehenge*, which begins at 8.10, is entirely without redeeming characteristics. It makes good use of computer generation to show how the famous site might have looked before the stones were brought in: totem poles, a vast circular wooden shed, that sort of thing. Perhaps. Moreover, the university professors offering their expertise are mostly interesting and articulate.

However, the programme's style (airy filters, spooky music) and its presenter are enough to drive you up the wall. It opens with a torrent of rhetorical questions - "Who made this colossal structure?" - and the impression is given that all is finally about to be revealed: "Fresh new insights into the prehistoric mind are beginning to lift the veil". We then see how the stones could have been dragged to the site on sledges, and swung into pits using fulcrums and weights, but all via clips from previous BBC programmes, so nothing new there. Then there is a lot of fuss about flying in an archaeologist from Madagascar, because they too have standing stones, yet this provides no insights whatsoever.

Finally there is some theorising about religious ceremonies and the stones being placed to catch the sun rising, or perhaps setting, at the summer, or more likely the winter, solstice. This sounds like the theory we have all heard umpteen times before and, as ever, it is illustrated with fanciful shots of brilliantly clear sunny skies that you do not see in England in mid-winter in a month of Sundays.

Hidden Hollywood, on Channel 4 at 8.00 pm is the first of two Canadian documentaries (with *Zoe Wana-*

Television/Christopher Dunkley

The birth of Hollywood

maker doing the voice-over, however, so they do not sound Canadian) which have something new and genuinely interesting to say about Tinseltown. This is quite a surprise given the number of series that have already been made on the subject, several of them rather good. But these programmes are based upon Neal Gabler's book, *An Empire Of Their Own: How The Jews Invented Hollywood*, and Gabler has an engrossing and wholly convincing thesis to offer.

He points out that the group of half a dozen Jewish immigrants who first set up studios in Hollywood were all born in eastern Europe within a 500 mile radius. They ended up living within 15 miles of one another in Los Angeles. That in itself is faintly remarkable, but the real significance is in what springs from it. Gabler's argument - which, by way of archive film and movie clips, is skillfully and convincingly illustrated and extended in these programmes, produced by Michael Levine and directed by Simcha Jacobovici - is that the origins and appalling early lives of these men resulted in them inventing the American dream.

Born into the Jewish *shetls* of Poland, Russia and Hungary, men such as Sam Goldwyn, Adolph Zukor, Carl Laemmle, Louis B. Mayer and the Warner brothers saw their relatives persecuted in the pogroms, and then escaped to the east coast of the US. Faced with a monopoly in the early movie industry designed to exclude Jews, they crossed the continent to the west coast, and began the process which has

resulted today in the French twitting about "American cultural imperialism" and viewers all over the world demanding to see Hollywood's products on large and small screens.

Grateful for sanctuary in America, they glorified the melting pot philosophy, romanticised the little man, but strenuously played down their own Jewishness in order to achieve full assimilation. Next Saturday's programme shows some of the tragic results of this, notably in their failure to resist McCarthyism and the infamous blacklist system. But today's programme provides an engrossing and entirely persuasive illustration of how the movie moguls' own experiences were reflected directly in hundreds of films.

The significance of "Some-

where Over The Rainbow" changes and becomes far more pointed when the song carries on but you cut from the picture of Judy Garland to a grainy archive clip of immigrant women in headscarves. At first the argument that Hollywood used the music of black Americans to convey something that was essentially Jewish seems a bit far fetched, but the more you listen, and the more you think about it, the more credible it becomes. *Hidden Hollywood* even manages to make the seemingly absurd argument that *King Kong* and *Frankenstein* serve as symbols for the situation of the outsider - and specifically the Jewish outsider - seem quite reasonable.

It is rare in my experience for television to induce you to a truly novel thought - and the idea that the dominant cultural influence in the world today is American in name but eastern European by birth is surely such a thought. True, it originates in Gabler's book, but I doubt whether I am alone in having missed that, and no doubt viewers will outnumber readers.

Basel is contemporary art's most influential trade fair.

(Newsweek, New York)

Art Basel 2002

Art 29-30, Newsweek Basel
Art 30-31, Newsweek Basel
Art 31-32, Newsweek Basel
Art 32-33, Newsweek Basel
Art 33-34, Newsweek Basel
Art 34-35, Newsweek Basel
Art 35-36, Newsweek Basel
Art 36-37, Newsweek Basel
Art 37-38, Newsweek Basel
Art 38-39, Newsweek Basel
Art 39-40, Newsweek Basel
Art 40-41, Newsweek Basel
Art 41-42, Newsweek Basel
Art 42-43, Newsweek Basel
Art 43-44, Newsweek Basel
Art 44-45, Newsweek Basel
Art 45-46, Newsweek Basel
Art 46-47, Newsweek Basel
Art 47-48, Newsweek Basel
Art 48-49, Newsweek Basel
Art 49-50, Newsweek Basel
Art 50-51, Newsweek Basel
Art 51-52, Newsweek Basel
Art 52-53, Newsweek Basel
Art 53-54, Newsweek Basel
Art 54-55, Newsweek Basel
Art 55-56, Newsweek Basel
Art 56-57, Newsweek Basel
Art 57-58, Newsweek Basel
Art 58-59, Newsweek Basel
Art 59-60, Newsweek Basel
Art 60-61, Newsweek Basel
Art 61-62, Newsweek Basel
Art 62-63, Newsweek Basel
Art 63-64, Newsweek Basel
Art 64-65, Newsweek Basel
Art 65-66, Newsweek Basel
Art 66-67, Newsweek Basel
Art 67-68, Newsweek Basel
Art 68-69, Newsweek Basel
Art 69-70, Newsweek Basel
Art 70-71, Newsweek Basel
Art 71-72, Newsweek Basel
Art 72-73, Newsweek Basel
Art 73-74, Newsweek Basel
Art 74-75, Newsweek Basel
Art 75-76, Newsweek Basel
Art 76-77, Newsweek Basel
Art 77-78, Newsweek Basel
Art 78-79, Newsweek Basel
Art 79-80, Newsweek Basel
Art 80-81, Newsweek Basel
Art 81-82, Newsweek Basel
Art 82-83, Newsweek Basel
Art 83-84, Newsweek Basel
Art 84-85, Newsweek Basel
Art 85-86, Newsweek Basel
Art 86-87, Newsweek Basel
Art 87-88, Newsweek Basel
Art 88-89, Newsweek Basel
Art 89-90, Newsweek Basel
Art 90-91, Newsweek Basel
Art 91-92, Newsweek Basel
Art 92-93, Newsweek Basel
Art 93-94, Newsweek Basel
Art 94-95, Newsweek Basel
Art 95-96, Newsweek Basel
Art 96-97, Newsweek Basel
Art 97-98, Newsweek Basel
Art 98-99, Newsweek Basel
Art 99-100, Newsweek Basel

ARTS

Cloth of gold from the east

Susan Moore travels back in time down the old Silk Road

The child's coat is 1,200 years old. Its lustrous, richly coloured and boldly patterned silk is also in pristine condition. Hung on its display pole with arms outstretched, the pattern of paired and stylised ducks framed in roundels by rows of pearls is shown to stunning effect. While elements of this design derive from Sassanian Iran, other motifs belong to Sogdiana where this garment was almost certainly woven, less a country than a confederation of city states including Bukhara and Samarkand. Its lining, however, like the accompanying white silk damask trousers, were the product of Tang dynasty China.

With its first, knock-out exhibit, the Metropolitan Museum of Art in New York sets out its stall for *When Silk Was Gold*, the first exhibition devoted to the silks and embroideries produced and traded along that great chain of caravan cities and shrines known as the Silk Road, which looped its way across Central Asia to link China and the Roman Empire.

The show brings to public attention a remarkable corpus of textiles which has only recently and unexpectedly come to light. Though the catalogue coyly avoids making this explicit, these textiles have come trickling out of Tibet over the last 15 years. Their remarkable state of preservation is due to the Tibetan climate; their appearance on the western art market a consequence of the Chinese desecration of the Tibetan monasteries. Together, the collections of Cleveland Museum of Art

and the Metropolitan represented here constitute the most extensive and important holding of 8th-15th century central Asian and Chinese textiles in the west.

This whole field of scholarship is largely uncharted territory. With the help of this new cache of material, however, the Cleveland and Met curators, Anne Wardwell and James Watt, have made spectacular progress in documenting the still only partially understood transmission of motifs, designs, techniques and, indeed, craftsmen along the Silk Road, and the degree of cultural cross-pollination that these textiles illustrate. Silks and embroideries, after all, would have been the primary vehicle for the migration of any motif from one part of Asia to another.

Two fragments of 11th-12th century *kessi*, or silk tapestry, for instance, have been hailed by Watt as the long sought after "missing link", providing the proof that this silk-weaving technique was passed into China from Central Asia. Quite apart from their art historical value, these *kessi* are remarkable for the vitality and exuberance of their designs of dragons and other creatures set against brilliantly hued fields of foliage and flowers. In the hands of the Chinese, this technique was to evolve from being simply a textile tradition into a means of emulating painting.

Similar excitement greeted the discovery of a square of 12th-13th century green tawny brocade in gold with "teardrop" which, on closer inspection, each depict a fal-



Stunning and in mint condition: the 1,200-year-old child's silk coat, influenced by designs, material and motifs from Sassanian Iran to Tang dynasty China

con swooping down on a swan amid foliage and branches. It was known from the history of the Jin Dynasty that the officials who attended the emperor on the annual spring swan hunt wore uniforms embroidered with a "hawk attacking a swan, combined with floral motifs" - but no one had ever seen this silk before.

Luxury silks, as this example vividly demonstrates, were used by the Chinese to define imperial, court and clerical rank. Along with silk embroideries, they were used for imperial and diplomatic gifts, in Confucian ritual and ceremony and as payment of taxes and trib-

ute. To the Chinese silk was currency, to the western Asian and European elite it was as valuable as gold. Under the Mongols, it became gold itself, the fabulously luxurious "cloth of gold" that dazzled Marco Polo and other early European travellers.

Perhaps the most remarkable aspect of this show is the light it sheds on the cultivation of the Mongols, a people rather better known historically for their capacity for rape, pillage and slaughter than for any refined artistic sensibility. The Mongols were the first foreigners to conquer all of China and the Mongol period, defined from 1206

when Chinggis became Great Khan to the demise of the Yuan Dynasty in China in 1368, saw the greatest expansion of trade and tribute in Eurasian history. (Most of what survives in the west was preserved in church treasures; much of what survived in Tibet probably came through Mongol patronage of Buddhist monasteries.)

Silk craftsmen and goldsmiths rarely perished at the hands of these invaders - they were captured and resettled. The Mongols thought nothing of transporting entire colonies of craftsmen - on one occasion no less than 3,000 Moslem households - hundreds or

thousands of miles from northern China or Eastern Iran to Mongolian cities to serve the ruling elite. There they found improved social status and greater financial reward. What they produced was an extraordinary intermingling of Central Asian, Moslem, Uyghur and Chinese techniques and designs.

For nomadic peoples, sumptuous textiles for robes or tent linings were the ultimate luxury goods, far more highly valued than painting or sculpture. The particular passion of the Mongols were silks woven with gold threads, a "cloth of gold" in which both ground and pattern are gold, the latter simply delineated by the silk

foundation weave. Faced with these shimmering cloths, patterned with winged lions, griffins and falcons and obviously the products of imperial workshops, with items like imperial boots or tiny purses where the pattern was scaled to the size of the finished object, one soon realises that these early textiles are of matchless sophistication and technical skill. Given the constraints of showing light-sensitive materials, we shall not see them again for at least a decade.

At the New York Metropolitan Museum of Art until May 17. Sponsored, in part, by MetLife.

Theatre Cherry picking good

The *Cherry Orchard*, like Chekhov's other masterpiece *Three Sisters*, is a jewel that can be turned through many lights and yet remains plainly itself. A really perverse production can wreck it, of course; but within quite generous constraints, all of its 11 principal roles can be played in very different ways without warping the deep structure of the tragicomedy in the least. At the Brighton Festival (review, page VII), a Lithuanian company from the "Small Theatre of Vilnius" has been playing a *Cherry Orchard* which offers many surprises, and as many rewards.

Its director is Rimas Tuminas, who founded the Small Theatre in 1990 with 19 actors who had studied under him at the Lithuanian Academy. This *Cherry Orchard*, its second production, has already travelled to many countries. There is not a weak performance in it, though the director has his own ideas about which ones should be given their heads; and it does indeed cast the play in fresh, thought-provoking lights.

It is no help, by the way, to know Russian: Lithuanian is not a Slavic language, but derives apparently from Sanskrit. It *sounds* good, and there are adequate surtitles - which will help even more once the operator learns to keep them in synch with the spoken words. On the first night there seemed to be more Lithuanians than Britons in the audience; they will not have minded.

What distinguishes this production is that, from the start, everybody understands that the situation is hopeless. When Mme. Ranyevskaya's crumbling household greet Lopakhin's early warnings with irrelevant hilarity, it is not feckless self-deceiving; they just know that there is nothing they will ever do about it. Even as brother Gayev, standing on a stepladder, declaims his silly ode to the old bookcase, it crashes partway through the rotten ceiling - and hangs there for the rest of the evening.

At 2 transpires not in twilight summer fields, but in the same dank, claustrophobic "nursery" - it is all too plausible that a starving, deranged peasant should stagger through it. The Act 3 ball is off-stage; all we hear is the melancholy mock-Chopin piano that accompanies the entire play. When Ranyevskaya finally departs, she doesn't embrace the furniture in a torment of grief, only addresses it pleasantly; but she comes back twice, silently, to look at it again...

Necessarily Egle Gabrenaitis's Ranyevskaya remains the central figure, and in her own way - once-glamorous, still poised and gracious, but just past it - is ideal for the role. Lopakhin, Gayev, old Firs and the dotty landowner Simeonov-Pishchik exude character profusely. Yet it is the gauche, idealistic Trofimov, the eternal student, who proves to be the true counterweight to his maddening, bewitching patroness.

With their confrontations in Acts 2 and 3 we seem to see the thoughtful heart of the play exposed at last. Most Trofimovs are pretty good, for the role is an actor's gift; but Vytautas Sapranavskas somehow collects all the aspects of the character that other actors stress one-sidedly. Beyond them, he strikes through - via angry dignity and agonised body-language - to something both vitally immediate and elevated.

A rare stature for Trofimov, but one couldn't disbelieve it. Who would have thought that at bottom *The Cherry Orchard* is neither an elegy nor a wry caricature, but a passionate, irresolvable debate about how we should live our lives? It is, though, now we've seen it.

At the Gardner Arts Centre, University of Sussex tonight, then at Derby Playhouse from May 12-16.

SHAKESPEARE'S GLOBE THEATRE
1998 Season
19 May - 20 September
0171 401 9919
0171 316 4003 (24 hrs)
As you like it
The Merchant of Venice

Financial Times Seminar

Mastering Global Business:
continuing the 'global' journey

Thursday May 28, 1998

at the Financial Times, 1 Southwark Bridge, London

This seminar follows on from the highly successful Mastering Global Business series. Supported by Price Waterhouse and American Express it will debate the critical issues faced by companies operating in a complex global market.

Hear the views of leading academics from Europe and the US and share the experiences of practitioners from business.

Topics include:

- Building global competitiveness
- Navigating the tides of global finance
- Outpacing the competition through service
- Selecting the right sort of strategic alliance

Confirmed speakers:

Professor Jacques Horowitz, IMD International, Lausanne (and Managing Director of Grandvision)

Professor Vijay Govindarajan, Amos Tuck, Dartmouth

Professor Rory Knight, Templeton College, Oxford

Professor Pierre Dussauge, HEC School of Management, Paris

Colin Price, Partner, Price Waterhouse

Duncan Lewis, Executive Vice President, Equant N.V.

The delegate fee of £350 + UK VAT includes lunch and refreshments, documents and speakers' papers.

To register or for further information:

telephone: +44 171 873 4816, fax: +44 171 873 3595
or email: sarah.jezzard@ft.com

in association with:



Corporate
Services

Price Waterhouse



FINANCIAL TIMES

No FT, no comment.

Unofficial laureate of the Arab world

Margaret Obank on a controversial master

Nizar Qabbani described himself as "a poet for people from 10 to 70." The universality of his appeal throughout the Arab world was demonstrated when politicians, intellectuals and ordinary men and women, young and old, responded with shock and sadness to news of his death last week in London at the age 75. The front pages of Arab newspapers around the world were flooded with tributes, Arab governments sent telegrams to Qabbani's family and the Syrian president Hafez al-Assad put a special plane at the family's disposal.

Dr Ghazi Algosabi, poet and writer and Saudi Arabia's ambassador in London, said: "Nizar Qabbani was, like all great poets, a very controversial figure. Undoubtedly he was the most popular and exciting poet of this century. His lasting achievement is that he transformed interest in poetry from a small intellectual elite to the large mass of Arab humanity."

Qabbani challenged the secondary status of women and, as a consequence, his newspaper articles and poems were frequently banned. He also incurred the wrath of Islamic fundamentalists, who believed that he corrupted women and insulted Islamic morality. At Regent's Park Mosque in London last Friday, as the reciting of traditional prayers over his open coffin was about to begin, a group of Algerian fundamentalists tried to intervene and shouted "He is an atheist! We will burn his books, like Salman Rushdie!"

Qabbani was born in 1923 in Damascus, Syria, at a time when the French colonial authorities banned the speaking of his mother-tongue Arabic at school. Punishment for uttering a single word of Arabic was to learn 50 verses of Racine or Corneille by heart and wear a discriminatory badge.

In his autobiography *Qisat ma' al-shi'r* (My Story with Poetry) Qabbani described the "linguistic alienation" he felt dealing



Qabbani even in death he incurred fundamentalist wrath

with street language, home language, classical Arabic and official French. He solved the problem by developing a "third" language for his poetry, simple, colloquial, direct, taking from classical Arabic its equanimity, and the warmth and daring of colloquial language.

He joined the diplomatic service for the newly independent republic of Syria at the end of the second world war, where he became cultural attaché in Cairo (1949-51), London (1952-55), Beijing (1956-60) and Madrid (1962-66). In the late sixties, he went to live in Beirut, becoming a journalist and an ever more popular poet. He voiced the despair and disillusionment felt by ordinary men and women throughout Arab countries at their defeat in the 1967 Six Day War. In his poem "Footnotes to the Book of the Sabbath" he wrote the often-quoted lines: "In a flash/You changed me from a poet who writes poems of love and longing/To a poet who writes with a knife..."

The poem was banned by all Arab governments because it held them responsible for the defeat, but it was published clandestinely and learnt by heart by thousands.

Qabbani was a powerful reader of his poetry and attracted audiences of thousands. He published over 35 collections of poetry and prose, received many literary awards and is said to

have sold 10m "legal" editions of his works, as well as countless "illegal" ones. His poems have been sung by Um Kalthoum, Abdul Halim Hafid (the Elvis Presley of the Arab world) and Najat al-Sarira.

When he was 14, his elder sister Wisal committed suicide by poisoning herself because she was barred from marrying the man she loved. Nizar vowed to revenge "the martyr for love" as he called her. For him she was "buried in the depths of my heart, not in the cemetery." He recounted how, in those days, women in Damascus were shame incarnate; they were forbidden even to answer a knock at the door as their voices were considered sexual. In his poems he attacked the social and sexual taboos restricting them.

The Syrian literary critic Subhi Hadid said that Qabbani was the unappointed yet unrivalled Poet Laureate of the Arab world during the last 40 years. "He was the unique marker of a unique miracle; that of transforming poetry into daily bread, for the young as well as the older generations..." And like T.S. Eliot, Qabbani may have been aristocratic and conservative, but was still a radical avant-gardist and great father of contemporary Arab modernism. Above all he was a master of the art of poetry, a great liberator of language and a great iconoclast of long stagnating rhetorics, styles, forms and topics.

SPORT

Sporting profile

Still bowling along in the backyard

John Perlman finds Shaun Pollock's approach to cricket was forged at an early age

Those games of garden cricket in the Pollock backyard could be tough for the youngest kid in the family, especially if dad got home from work early enough to join in.

And it got even tougher for the 10-year-old on Christmas Day in 1983. He found himself bowling to dad's younger brother - and uncle Graeme always was darned difficult to get out.

There are some who believe that Shaun Pollock has been profoundly shaped by those battles between the flower borders.

"He's out there with the same sort of attitude as if he's playing in the back garden. He's having fun," says Graham Ford, director of coaching at Natal, where the 24-year-old fast bowler's early career was shaped, most notably by the West Indian great Malcolm Marshall, who is on the

wickets for an average of 23.42 runs, with a career best of 7-57 against Australia on a flat track in Adelaide this year. His average with the bat in Test matches is 32.65, his highest Test score is 92.

But Woolmer believes the best with the bat is still to come from a player who - at the time he made his Test debut against England at Centurion Park in late 1995 - was coming in at number nine or 10 for his province.

"When I saw him in the nets I thought cricky, this guy can bat," he says. "Shaun hasn't got a Test hundred but he is certainly capable of one, and I believe he could make the Test team as a batsman. I hope my saying that doesn't put the mockers on him."

It's just another expectation to live up to - Shaun Pollock is pretty used to those. His father Peter, an aggressive fast bowler, took 116 wickets in a 28-Test career cut short in 1970 by South Africa's isolation from the world game. Shaun never saw his dad play.

Uncle Graeme, the princely left-hander, averaged more than 60 in a similarly abbreviated career. In England, he will find the footprints of his forebears on pitches all over the country - especially at Trent Bridge, Nottingham, where Graeme Pollock's glorious 125 in the first innings and Peter Pollock's 10-wicket haul secured a 94-run win for South Africa, and with it the series.

There was a time when Shaun described the family name as "a bit of a burden" but he insists those days are over: "The pressure is off. I don't worry about it at all, although I am planning to take more wickets than Dad." Peter Pollock, who is chairman of South Africa's selectors and who was the only one to argue against his son's selection for that first England Test - probably won't mind too much.

That Shaun Pollock has moved out of the family shadows is reflected upon wryly by Uncle Graeme. "I used to be known as Graeme Pollock. Now people talk about me as Shaun's uncle."

And the youngster's ever-growing standing in South African cricket is often explained by Woolmer and others in one word: confidence.

Dave Richardson, who kept wicket the day Pollock

marked his debut with three notable scalps - Atherton, Graeme Hick, Graham Thorpe - says the English batsmen will have to deal with a much more accomplished bowler this time around than the youngster who took 16 wickets in that last series, including the five in England's second innings of the final Test to set up South Africa's victory.

"He's probably a little quicker and a lot more accurate," Richardson says. "What the English had to deal with initially was a very good bowler that hit a lot of people on the head (Atherton twice in England's first innings at Centurion Park). Now he hits the seam much more often, he's got more control and he's also learned some away swing, so he swings it both ways."

Test opener Andrew Hudson, a team-mate at both Natal and South Africa, echoes these sentiments, but believes Pollock's stronger sense of himself comes more from the soul than the seam or swing.

Hudson and Pollock, like fellow Natalian Jonty Rhodes, are devout Christians. "Shaun is happy with who he is and what he is doing because it's what God wants him to do," he says.

"He has a free spirit, and by taking the pressure off himself, Shaun can let his talent show as he has done in a wonderful way."

Pollock says: "A lot of players try to place a lot of importance on performance. Then they have a bad game and they go into their shell. Religion helps you keep things in balance and in focus."

As the only test-taller in a team sponsored by South Africa's largest brewery, Pollock has had to laugh at himself. When the team

played a few more shots against me."

It has been some time since Donald and Pollock have bowled in tandem. Each has been hit by injury over the past year - Pollock's most recent problem was a groin strain that saw him limp out of a Test against Sri Lanka last month on the first day's play. The tour management will be concerned to keep Pollock fresh for the big games - which may present him with his biggest challenge of the tour.

"In your head you realise that you have to sit out some days and watch the blokes, but in my heart I always want to play. I'll just have to learn to live with it, maybe get hold of some nice thick books."

Pollock probably won't be asking Mike Atherton for his copy of *A Suitable Boy*, though. "I think I'll probably just start with Wilbur Smith."

People will be looking to

played a few more shots against me."

It has been some time since Donald and Pollock have bowled in tandem. Each has been hit by injury over the past year - Pollock's most recent problem was a groin strain that saw him limp out of a Test against Sri Lanka last month on the first day's play. The tour management will be concerned to keep Pollock fresh for the big games - which may present him with his biggest challenge of the tour.

"In your head you realise that you have to sit out some days and watch the blokes, but in my heart I always want to play. I'll just have to learn to live with it, maybe get hold of some nice thick books."

Pollock probably won't be asking Mike Atherton for his copy of *A Suitable Boy*, though. "I think I'll probably just start with Wilbur Smith."

played a few more shots against me."

It has been some time since Donald and Pollock have bowled in tandem. Each has been hit by injury over the past year - Pollock's most recent problem was a groin strain that saw him limp out of a Test against Sri Lanka last month on the first day's play. The tour management will be concerned to keep Pollock fresh for the big games - which may present him with his biggest challenge of the tour.

"In your head you realise that you have to sit out some days and watch the blokes, but in my heart I always want to play. I'll just have to learn to live with it, maybe get hold of some nice thick books."

Pollock probably won't be asking Mike Atherton for his copy of *A Suitable Boy*, though. "I think I'll probably just start with Wilbur Smith."

People will be looking to

Tom Fort

The ball is in my court

My appointment as England's new cricket captain has been greeted with understandable surprise, as well as a good deal of scoffing from ill-natured, short-sighted, mean-spirited commentators.

Instead of focusing on how to grapple with the malaise responsible for our humiliation in the Caribbean, these paltry individuals cannot see beyond the trivial and the obvious. Yes, it's quite true that I am 46, that I have never played first-class cricket and never got further than the third XI at school, that my back condition means I have to kneel down to field the ball, that failing eyesight restricts me to taking only those catches which go straight to me, pretty slowly.

I gladly concede that, having spent 30 years of summer Sunday afternoons getting out to and occasionally making runs against village trundlers, I may well find the likes of Ambrose, McGrath, Wagner, Warne and the rest a bit of a handful. But let's face it, if I scored nought in a whole series I'd only be 300 behind the total amassed by the previous incumbent against the West Indies, which is unlikely to mean the difference between defeat and victory.

The carpers miss the point. I haven't been brought over from McKinsey for the runs and wickets I'm going to make. What Lord McLaurin, my port's boss, values in me is my proven ability to analyse failings and prescribe remedies, and to provide leadership. The point he has woken up to, and which the critics ignore, is that the old way is bankrupt and useless.

Having a captain who is "one of the lads", can't score a run, and makes Harriet Harman seem inspirational, will no longer do. The vital need is for a commander who can actually command. I intend to take as my model Lord Hawke, who was a hugely successful captain of Yorkshire even though he couldn't bat or bowl, and was a tactical simpleton.

Admittedly, that was in the 1980s, and the patrician approach must be refined to suit the contemporary ethos. I shall not be pressing for my own changing room, nor expect the players to call me Mister Fort. However, there must be distance between us, engendering the necessary respect, even fear. No one will doubt that mine will be a firm hand on the tiller.

Standards of dress and behaviour will be high. For a start, chins will be shaved daily, and heads not shaved at all. Out will go those revolting sunglasses perched on hat brims. They weren't needed in Hawke's day; the sun is no brighter now.

My intention is to combine a firm hierarchical structure with tested management techniques. I will, for example, be introducing an appraisal system. Instead of abusing the players for their spinelessness against the West Indies, I shall be setting objectives backed by

financial incentives for this summer's series against South Africa: so many runs, so many wickets, bonuses for objectives achieved or surpassed; penalties for shortfall, as well as dropped catches, nonsensical runouts and other costly blunders.

I will also exploit communications technology to involve myself much more closely in what the players are doing. While fielding, I shall position myself at the start of the bowler's run-up, so that I can brief him on the strategic purpose of each delivery (to be honest, most of these fellows aren't really bright enough to work it out for themselves). I shall simultaneously be in radio contact with fielders out of earshot.

This input will be even more important when England are batting. Of course, if they are playing well, I shall restrict myself to general comments of a morale boosting nature. If, however, they are in difficulties, I shall be able to provide a ball-by-ball evaluation

'I haven't been brought over from McKinsey for the runs and wickets I'm going to make'

of what they are doing wrong, and immediate solutions. An exhortation to "get in line" or "play straight" just as Curtly Ambrose reaches his delivery stride could make all the difference. In the case of a slow bowler, there might even be time to offer practical help, such as "short, hit to leg", or "watch out, I think it's a googly".

I haven't yet decided if I will actually play. It's not that I'm worried about failing. Since half the England side always fail, I shall merely reserve one of the non-achieving places for myself. I am slightly concerned about being killed or brain-damaged by an express ball; and I shall shortly be trying out a white, super-strong graphite suit of armour with bullet and shatter-proof visor.

I'm not sure it matters much. There are non-playing captains in Davis Cup tennis and Ryder Cup golf, and no one sneers at them for keeping out of the action. What matters is the quality of leadership, not whether it is delivered from the front or from the pavilion. Did Napoleon actually lead his troops into battle?

That is what English cricket will get from me. Forward is the only direction we're going. Failure is a word I don't understand. Tactical withdrawal is a concept I don't accept. Get behind me, I say, and together we shall succeed. He who is not with me is against me. That is the end of my mission statement.

Soccer

Japan shakes off football fever

Michiyo Nakamoto traces the meteoric rise - and fall - of the country's first professional league

drastic restructuring.

Sanfrece Hiroshima, creaking under the burden of more than ¥1bn (\$7.5m) in cumulative losses, are letting go three of their most popular - and most expensive - players. There is a general move among clubs to hire fewer foreigners, who tend to cost more than home-grown players.

Advertisers are also less than happy about the recent performance of J.League in promoting products. Where once the appearance of flamboyant Brazilian Ray Ramos in a Nagatsan television commercial sold the company's pre-cooked curry like hot cakes, sales of its goods bearing the J.League logo have dropped substantially.

J.League's own revenues from merchandising have sunk fast. ¥753m, barely a fifth of its 1993 peak of ¥3.6bn.

Why then has the Japanese public tired so soon of professional soccer?

According to Kenji Mori, J.League's vice-chairman, its initial extraordinary success stemmed from the need of Japan's millions of soccer fans for a professional league. There are no less than 900,000 players registered with the national association and three or four times more who enjoy playing amateur soccer. However, he adds: "The initial craze was like a fashion trend. And like all fashion trends, it was unlikely to last."

Many fans and commentators agree that the early frenzy over the league was unnatural and represented something other than pure interest in the game.

When J.League was started, the Japanese embraced western soccer

culture as they had seen it on television in a way few people had expected. "I firmly believed that the kind of cheering seen at soccer games in the west would never take hold in Japan," Mori emphasises. "I never doubted that."

He wrong he was. Japanese fans took wholeheartedly to trumpet-blowing, face-painting and the generally boisterous behaviour associated with western games - although in a characteristically toned-down manner.

Schoolboys grew their hair and wore good-looking wristbands in imitation of the Brazilian players who provided much of the entertainment in the games. When a TV commercial was broadcast showing a boy eating Nagatsan's pre-cooked instant curry and turning into Ray Ramos,

children phoned in to complain that they had eaten the curry but the expected metamorphosis had not occurred.

Soccer stars also started a trend for an unkempt, hairy look among young men that

has transformed the young fashion scene in Japan. Stubble on the chin and dishevelled locks became trendy, and more men aspired to look wild in the manner of Masakiyo Mazono, one of the hottest

players, who seldom looks as though he has remembered to shave.

The phenomenon triggered a heated public debate, with those more tolerant of a spontaneous, expressive sports culture pitted against conservative critics denouncing the bad influence of a wild sport on Japanese youth.

But, after only five years, people are wondering whether J.League is headed for oblivion.

Critics say it has failed to nurture new talent. The star players who gave Japanese fans a first-hand taste of soccer as entertainment are mostly foreigners who had already passed their peak.

There are few young heroes ready to take the place of Sartori or Ramos, whose flamboyant Japanese and fashionable looks made him a media darling. "Once

these players began to disappoint, the public lost interest," admits Mori.

Meanwhile, soaring salaries in Europe have raised the cost of importing good players. Only the largest, better-funded teams can afford to hire foreign players now.

With ticket prices at about ¥3,000 (£14), Japan's economic downturn may also be a factor. But, perhaps more important, many clubs have been criticised for failing to look after their fans in local communities.

J.League was modelled on the success of European soccer where community support has been critical to the teams. But in Japan, interaction between the teams and local communities has not always been satisfactory, undermining interest and attendance.

Soccer fans, for their part,

do not see the current decline as overly serious. The League started out with 10 teams and now has 18. Even if average attendance is down, the overall number of people paying to watch games is not, says Shinichi Inoue, editor of the sports magazine Number.

"Things have just returned to a more normal state."

The league itself is making efforts to revive its popularity. Stadiums have been improved, there is better contact with regional associations and teams are learning to train young players.

Mori is confident that the steps being taken offer hope that some of the more popular teams' games might even be shown on prime-time TV again. The hope is that mounting excitement over Japan's participation in the World Cup and a new soccer lottery being debated in parliament will revive interest in the J.League.

But, with attendances at other events, including the Nagano Winter Olympics, and even sumo, the national sport, hurt by the economic squeeze, the league is likely to face a huge task recovering its former glory.

Five years ago, with the birth of Japan's first professional soccer league, a curious social phenomenon swept the nation. The usually unexcitable Japanese public was gripped with soccer fever so passionate it stunned the league's sponsors.

Tickets to games sold out in just a few hours. Soccer fashion became all the rage and exotic names such as Ray Ramos, Alcindo Sartori and Gary Lineker were heard in playgrounds in far-flung corners. But with J.League, as it is known, well into its sixth season, Japanese professional soccer has been shaken by a decline in popularity as disturbing as its sudden rise was remarkable.

Attendances have fallen steadily. Last year, the average gate dropped by nearly a quarter to 10,131 from 18,353 in 1996. That was the third decline since the peak of 19,598 in 1994.

Meanwhile, falling revenues and sky-rocketing salaries paid to popular players have thrown some of the weaker clubs into financial difficulty and prompted

How to Spend It

Fashion

Land of the designer desperate to be nonchalant

Other countries have wildly ethereal couture. America favours casual chic, writes Holly Finn

Before she'll board the ferryboat down the chocolate river, the know-it-all mother in *Willy Wonka & the Chocolate Factory* asks: "She's très jolite, but is she seaworthy?" The opposite might sometimes be asked of New York fashion. It works, but where's the whimsy?

American designers are often sniffed at as too straightforward, even dull. There are no Gallianos here, hitting high operatic Fs on candlelit runways. The Italians - Versus and Armani - blew in earlier this year and staged shows bubbling over with celebrities. But the big local names remained understated, or, to use this season's word, nonchalant.

Actually, every season's word is nonchalant. It is the perennially preferred adjective to describe American fashion, to reinforce the belief that this country's earthy style is the height of casually chic dressing. Other countries have wildly ethereal couture: this one has sportswear. The clothes themselves may indeed be more casual, even more comfortable, here than in Europe, but choosing them is far less of both.

American women have a lot to lose. From Palm Beach to Palm Springs they are conscious that their sartorial choices can either promote or demote them, and they are seriously careful to avoid mis-stepping. You are judged in America by what you have right now: the clothes on your well-toned torso. Sportswear, then, seems a disingenuously simple term for an industry that, subliminally and otherwise, stirs up all the drive and doubt of American women.

In frontier countries such as this, it's hard to distinguish between the fearless and the insecure - they so often look the same. Which is why Ralph Lauren's confidence-projecting classic cuts and muted colours sell so well in America. They don't reveal Achilles' heels: in fact, they don't reveal anything. In this year's herringbone jackets and low-slung trousers with big cuffs, ideal for manor or metropolis and the seemingly inevitable commute between the two, a woman assumes privilege. Comfortingly, others presume she has it.

In the companion book to *American Ingenuity: Sportswear 1930-1970*, the exhibition that recently opened at the Metropolitan Museum of Art's Costume Institute, Lauren is called "the epic and unparalleled image-maker". Indeed, his "burnished version of the British Empire" remains unvanquished, not least because it is non-worshipful. Americans see Wasp-wear, recognise the label or logo, and immediately approve.

The American Ingenuity show helps to explain how labels such as Lauren's came to be pre-eminent as well as narrating how fashion itself was created in the US. In 1932, it seems, "fashion



Elegant embroidered jacket with fur collar by Oscar de la Renta



Twin set trimmed with bright blue fur by Oscar de la Renta

visionary" Dorothy Shaver, of the department store Lord & Taylor, was the first to replace American manufacturers' labels with designers' labels. It also spotlights the mostly female designers "who liberated American fashion from the thrall of Parisian design", by creating sportswear, considered this country's greatest contribution to fashion.

Sportswear in America is determinedly sensible. The exhibition applauds "practical bows", separates "which defied obsolescence", the "discipline of cotton plaid", the "plain good sense of coordination", and the "utmost economy" of using luggage

toggles as closures. An evening dress is accompanied by a bolero-style jacket and the comment that the designer "knew that no woman wanted to suffer weeks of a disabling cold or flu for the sake of one evening in bare (and blue) shoulders". I would beg to differ (some evenings are worth consumption), but if the designers have their way, boleros are going to be all over town by the autumn.

It is tempting, but fruitless, to expect abandon when New York designers present their shows. It is nearly always the most reserved designs that become customers' favourites. Take Bill Blass. His camel cashmere coat with china-blue accents seen at his recent show was as benignly beautiful as his 1970s ivory cashmere coat which is on show at the Met exhibition - "another sportswear advantage: here is a coat one can snuggle in". It's not that American women aim for chastity necessarily. They aspire to its mental equivalent: rationality.

When American designers such as Blass or Oscar de la Renta surprise - Blass, for instance, with wool jackets paired with skirts not of matching wool but charmeuse, de la Renta with a black cashmere twin-set trimmed at the collar with bright poster-paint blue fur - they do so demurely, logically.

These established design-

ers are often called "timeless" and much of what they do is any-era-wear, with no salient style-equivalent of flapper dresses or micro-minis (the return of the funnel neck is welcome but not novel). Alison Lurie, professor at Cornell University and author of *The Language of Clothing*, believes that American women's fashion has been in "a holding action" for some time. "Just as men's

It is the rare American man who will brave velvet pants, the rare woman who will risk its equivalent

fashion just sort of stopped changing in the 19th century when men went into the office". Then, a man "could not wear Louis XIV embroidered waistcoats in the office", now, a woman's "ostentatious displays in the work environment make you look as if you're on the way down".

In America, of course, the key is always to look as if you're on the way up. "Europeans wear what they feel good in," said Kira Moors, a young Yale and Harvard

graduate who now works at Disney in Los Angeles. "Here, it's more calculated. You wear what's good for the job." When actress Ashley Judd, for example, wore an all-white number, slit up to infinity, at the otherwise subdued Oscars this year, Meers was in no doubt - "she will get major jobs out of it".

Judd's inner-thigh display may have been manipulative, but it was also daring. The great American fear is being made a fool of, so fashion here is rarely laughable. The best-known names keep gently pointing their buyers in the "right" direction - practically - without taking mischievous tangents.

At its most innovative, sportswear remains purposeful. Even when Geoffrey Beene uses padded seams to elevate the shoulders and draws fluid arcs down the torso to the hip in both back and front, they serve to point to the body without pressuring the imagination.

The American woman is, after all, more matriarch than muse. She likes to be seen to be in control. Her hair is coiffed, her wardrobe similarly tamed. The disciplined minimalism of Calvin Klein, for another instance, is a style that works for her. His skins, in port-wine voile, navy puckered wool, grey cashmere, black stretch wool gauze, flannel and matte jersey, are high-waisted and huge, the rib cage like eman-

atedly-soft corsets. Forget the androgyny of years past: this is draping exclusively for double X chromosomes.

He does not force women to cede control even after dusk. For autumn nights when the thought of even zipping is too much distraction, Klein suggests black unitards, over-layered opaque jersey or silk georgette with delicate cross-hatching or flirty asymmetrical flares of fabric in the back. These are to sportswear what Flares, the yoga-like regime catching on fast in America, is to exercise. You can sahay without sweating, always keeping your cool.

A woman who once worked in London fashion and now lives in the US told me about Europeans: "If they suddenly want to look like a hot red pepper, they will - because they want to." But Americans seem more prone to receive their style than create it. It is the rare American man who will brave anything like velvet pants, the rare American woman who will risk the equivalent. Rather than whimsy, it is the will to achieve a workable look - an acceptable look - that still drives this country's spenders to dress, and its designers to help them.

There are those who would defy demureness, but they get confused by the challenge. Randolph Duke for Halston has to juggle the

Ralph Lauren's classic cuts and muted colours



Bill Blass's camel cashmere coat with china blue accents

contradictions of a legacy that includes not only the original Jackie Kennedy pillbox hat but famously ultraslim dresses as well. Halston, though, is considered by many to be a second-tier name. And because it is unclear whether the name is ascending or descending, American women seem slightly hesitant to associate with it. If anything (other than the about-to-be-cast

It is the will to achieve a workable look that drives US spenders to dress, and its designers to help them

movie about his life) can ensure the resurrection of Halston, it is liquid dresses such as his salt and pepper wee-beaded tweed gowns, long-sleeved, boat-necked and body-hugging.

American society is at once fluid and rigid; so are American clothes. Your accent may not mark you, but your outfit - however functional - subtly does. As Professor Lurie says: "In America we're all supposed to be equal. We sing songs about this in grade school.

"This land is your land, this land is my land... So women don't want to inspire envy and hate. They want to look like everyone else, but in a more expensive manner."

Some designers softly buck the system and have significant followings among younger women. But those who poke fun on the catwalks always risk losing big chunks of an audience that craves direction more than humour.

Eleanor Lambert, the 96-year-old PR woman and legendary doyenne of New York fashion, says: "The English have the very good habit of finding designers and following them, sticking to it... In America, everybody goes rushing after something new or something different, uncertain who to choose." They are perhaps haphazard, definitely ceaseless in their attempts to get it right. Which is why, as Ms Lambert says: "American women are shoppers."

And American fashion is earnest. Except, that is, for Isaac Mizrahi, who manages to mix uptown and down and so has claimed a niche. Happily, his main aim is never safety. He often hurls some caution to the wind. However nonchalant they aim to be, Mizrahi, like Hollywood's Wizard of Wonders, coaxes American women to laugh at themselves. Nothing's more seaworthy than that.

The shoe certain



TATEOSSIAN
LONDON

STERLING SILVER 'SWIRLING' GLOBE COFFIN: £150
THERMOMETER COFFIN: £70 VINTAGE WATCH COFFIN: £100
TATEOSSIAN Mail Order Tel: +44 171 351 5671 Fax: +44 171 352 9882

Spencer 1520

How to Spend It

The shoes for a certain class

Lucia van der Post is enraptured by Berluti

It is not often that shoes play a pivotal role in a political imbroglio. But Berluti shoes are something different. For those who like their scandals interspersed with shopping details, France has provided one of the most diverting recently in the case of Roland Dumas, the president of the Constitutional Council, the shoes, the mistress and her credit card.

Assiduous readers of certain newspapers may recall that the mistress is a certain Ms Deviers-Joncour, who bought her lover a pair of hand-stitched custom-made Berluti shoes for FF11,000 (£1,080) on her Elf corporate credit card. Several years down the line a couple of Paris judges want to know why. Nothing cheap-skate about l'affaire Dumas. Even sleaze comes chic in Paris.

Like all the best names, Berluti crops up from time to time in high places. For a generation of privileged Frenchmen and international snappy dressers there is nothing strange in the idea that if a mistress wishes to give her lover shoes, then they must be Berluti.

The Berluti shop in the rue Marboeuf, just off the Champs-Élysées in Paris, has always been a very special address, one of those communicated from father to son, from friend to friend. For Berluti, in the opinion of its fans and customers, makes some of the finest men's shoes in the world. They are hand-made, hand-stitched and the bespoke version involves a wait of eight months and a bill of FF11,000 odd. For aficionados nothing else will do.

There are those, of course, followers of some other great names, who would disagree. But what is certainly true is that in a certain sort of world Berluti is a name to conjure with.

Ask a Berluti fan why he will consider no other shoe and he will list many reasons. First, he speaks of the fineness of the leather, then of the comfort, then of the fact that they last almost forever. Yann Debelle de Monthy, who is charged with looking after Berluti in the UK, has always loved the shoes. "I am still wearing some pairs that are 50 years old that belonged to my grandfather. And then I have new ones - like these which Olga Berluti designed for me. They have a classic shape but an African-style scarification mark on the side to make them particular for me, as I grew up in Morocco." This is part of her "Warrior" line, made from scarred leather "in the dusky colours of earth and war". Shoes, she believes,



Olga Berluti, pioneer of some extraordinary shoes



One-off slippers made to order - from £1,300

"should be sculpted, like African masks, to arouse your innermost forces, tribal instincts, confrontation, the primitive essence of being, art in its infancy, the origins of time..." These are not shoes for those of a prosaic turn of mind.

Berluti owners feel as if they belong to a small and very elite club and can immediately tell a Berluti shoe from any other - they believe they are the only shoes worth leaving "in - 'ow you say - 'eritage". The first, most noticeable part of the Berluti mystique is the polish. "When you buy a pair," says Yann Debelle de Monthy, "you choose the colour you want and they are hand-polished to bring out that colour. After two weeks you bring them back and

they are hand-polished again to add depth to the colour. Each polishing is unique." Then there is the special way of lacing which Olga Berluti, grand-daughter of the founder and still, according to Yann, "the soul of Berluti", devised and teaches to the willing apostles - it takes about a year to perfect and not only looks special but "never comes undone".

But most of all there is the fact that its fans believe that there is no more comfortable shoe in the world. According to Yann Debelle de Monthy, "they help to balance the body. The feet must support the whole body and large men, for instance, shouldn't wear lace-ups. There is not enough support. Berluti people are trained to tell immediately the size of your



Bespoke boots cost from £3,200

feet and to find the pair that will be totally right. Olga Berluti sometimes will not sell a pair if she does not think it is right."

To develop her "Comfort"

Bernard Arnault liked the shoes so much he bought the company

line, Olga Berluti had endless meetings with surgeon customers, pondering the physiology of the foot and how shoes could be developed to help those with foot, posture and back problems.

If all this conjures up a vision of a venerable institution locked into an ancient tradition, this is only partly true. Olga Berluti has pioneered some extraordinary shoes - she used strange greens, grey and yellow, new patterns and leathers. So today, the Berluti customer can buy the classic or "Elegant" line but also the "Warrior" line with asymmetric scars (I like particularly the "arrogant model" and the African mask dress shoes with seven eyelets she made in 1995), boots or embroidered slippers.

Bernard Arnault, chairman of LVMH, the French luxury goods group, has been a faithful Berluti customer for years. He liked the shoes so much he bought the company - which is why

there is now capital and energy behind plans to expand and why a London outlet opens next week. "This is the first time in 100 years that the shoes will be available outside France," says Debelle de Monthy.

For those who want to see behind the mystique, the Berluti boutique opens at 43 Conduit Street, London W1, next Wednesday - a small architectural gem with its walls and many of its shoes all hand-polished by the redoubtable Olga who believes there is no polishing like her own. There will be ready-to-wear versions for between £300 and £500, while bespoke will cost about £1,300. All the shoes are made in Paris and bespoke shoes.

Tinker tailor

Sarena Kelsey started her business in the heady days of Big Bang when no proper chap ever left his screen before the early hours. She, like a host of other entrepreneurially-minded people, had perceived that conventional tailors (and shirt-makers and sandwich-makers) were still locked into old-fashioned notions of service and hadn't paid serious attention to the needs of the new breed of city workers.

What they lacked, she saw at once, was time - not money. If she could save them time, then the money ought to take care of itself. Providing a cosy oasis in Savile Row was not where 1980s service should be at.

The idea she came up with was that she would go to the office - no need to make a foray to Jermyn Street or Savile Row for a personalised discussion about double-breasted or single, it could all be done at the office desk.

She started an itinerant tailoring business, moving from city office to city office with her tape-measure, measuring and taking orders while the screens still flashed and the telephones still rang. From the start, it was a huge success. Her trademark suits were fairly conventional-looking - as Sir Hardy Amies used to put it, they served their purpose "which is to convey status" - but were distinguished by a flash of kingfisher-hued silk or satin linings. The suits were then all made in Northumberland and delivered to the offices when finished. All the customer had to do was sign the cheque.

Since then she has opened a shop at 58 Lamb's Conduit Street, London WC1, and this week she opened a second shop - even nearer for her predominantly City clientele at 7 Byward Street, London EC3 (where the ceiling, to make her clients

feel at home, is entirely papered with the Financial Times).

This year's specialities she tells me are chalk-stripes, very subtly coloured with stripes of pink, tangerine or aqua blue on navy or grey and then made up with co-ordinating linings. City chaps, it seems, allow themselves much more sartorial expression in summer than in winter, and she is doing some lightweight windowpane checks in grey and blue for summer, as well as Prince of Wales checks in taupe and fawn shades and soft greens.

The more adventurous could try a chalk-stripe suit with a long overcoat - all rather retro and Teddy-boy but very fashionable in a certain set. Her ready-to-wear suits available from the shops cost £400, while the made-to-measure service can be found at either of the two outlets. She, or one of her team (Lucy, Emily, Deborah, Emma, Anouska or Caroline), will still come and show you samples and measure up at your office desk. Made-to-measure costs from £450.

Not all the world works in the City, of course, and there are plenty of other natty dressers who have taken to the Kelsey style; the thespian set - Greg Wise, Nigel Havers and Crispin Bonham-Carter - seem to love her wares, as do the foodies (chief Gary Rhodes and restaurateur Mogens Tholstrup) and musicians Paul Weller, the members of Primal Scream and Noel Gallagher.

A dashing suit, of course, needs a somewhat dashing shirt. Kelsey does them in pure cotton in Madras checks, stripes, silks and satins - prices start at £85. And there are, it goes without saying, ties (at about £55 each) to match.

LvdP



A Kelsey blue chalkstripe double-breasted suit with Madras shirt

An inspired departure on two wheels

Paul Taylor finds a new folding bike is to his liking



The Strida 2 stands out because of its simple design

Folding bicycles are not usually considered "cool" or even particularly high-tech. But if the reactions of my teenage children are any guide, the Strida 2, a radical folding cycle designed and manufactured in Britain, could be about to change that perception. The futuristic Strida, designed by Mark Sanders, a young industrial designer, and manufactured by Suffolk-based Roland Plastics, represents an inspired departure from traditional bike building. Indeed, as a modestly accomplished warm-weather cyclist - I have cycled from Liverpool to Oxford on a Monsoon with a pressure cooker tied to the rack, and from London to Paris on a mountain bike with two of my children - I initially approached the Strida with considerable scepticism.

Not only does the Strida's 'A' frame bear more than a passing

resemblance to a penny farthing with a shrunken front wheel, it also has no gears, no forks in the frame and a belt drive in place of the traditional greasy chain. "This is not a bike on which to attempt to ride from London to Brighton let alone the Tour de France, but the Strida does win hands down for simplicity. It comprises just three aluminium tubes and three joints arranged in a triangle, and I can confirm that after a little practice, it takes less than 10 seconds to assemble and collapse. The original version of the Strida was launched in the early 1990s and won numerous design awards. It sold 25,000 units before its Portuguese manufacturers ran into problems and Sanders teamed up with Roland Plastics to design and build the Strida 2. Like its predecessor, the Strida 2 stands out from the wide range of folding bikes now on the mar-

ket - some of which cost over £3,000 - because of its simple design. It folds neatly by bringing the three tubes into line and clipping the two wheels together to form what Barrie Emerson of

It comprises just three aluminium tubes and three joints in a triangle

Roland Plastics calls "a wheeled stick" designed to be wheeled along rather like a folded buggy rather than carried. At 10kg (22lbs) it is still a little heavy to carry.

The belt drive and the use of low friction polymers make the

machine clean and oil-free, ideal for cycling between station and workplace or home in business clothes.

"It is designed to link other forms of transport," says Emerson, "when folded you can walk with it, put it in car boots or travel with it on buses, trains, aeroplanes and boats." At your destination it can be stored safely and securely.

The selection of materials has enabled Strida to be rust-protected and maintenance free," claims Emerson. Aside from the aluminium frame, the bike makes extensive structural use of injection-moulded plastics, reinforced glass and low-friction nylon parts.

Although the high centre of gravity, small wheels and short handlebars, make the Strida quite twitchy and unstable at low speed, it is quite easy to ride once you are moving.

Gears would be a help on hills - particularly coming downhill when the bike tends to run away - but I did not find their absence as much of a handicap as I had expected.

Indeed, the Strida's clear target market is commuters. Priced at £335 including VAT, the machine represents good value for money, is fun to ride and might help keep my expanding waistline under some control. Roland Plastics plans to launch an exercise frame for the Strida which will cost about £100 and enable the bike to be used as an exercise cycle.

Meanwhile Emerson reports a flood of orders from overseas buyers, many of whom are ordering the Strida after visiting Roland Plastics' internet site.

■ Roland Plastics, Wickham Market, Suffolk; tel 01728 747777. www.rolandplastics.co.uk/plastics

A Place with a Magic all its Own

commented Sir Peter Ustinov.

describing his trip along the Irrawaddy River on the Road To Mandalay.

See the country as never before aboard The Road To Mandalay river cruises. To discover more about this remarkable journey through the land that time forgot, call Orient-Express Trains & Cruises on 0171 805 5100 (weekdays only) or our brochure line 0870 607 6077 (anytime).

OUTDOORS

Gardening

Happy families ready for the great outdoors

Robin Lane Fox recommends bedding plant varieties to give you a start on the neighbours

We have seen occasional rays of sunshine over our grey gardens this week and we are beginning to fasten our minds on the next move. That will come at the end of the month when those of us in warm corners can safely risk bedding plants outdoors. Meanwhile, there are two immediate families with which to make an early start, both arriving in their thousands in garden centres.

The first are the many varieties of gazania with wide daisy-shaped flowers and dark centres and narrow leaves of deep green or grey. They are slightly harder than most of the half-hardy bedding plants and can begin to be set out from next Thursday unless a really serious frost is forecast.

They are slightly tolerant of a cold snap and they are wonderfully attractive in a sunny summer. They have to be spaced out where there is plenty of sunlight because the flowers will not open otherwise. Any soil suits them, but I find that a bed of gazanias in the majority is overpowering and too reminiscent of a seaside resort.

As so often, it is better to scatter them around and let them develop near the front of any borders exposed to plenty of light.

The standard bargain basement variety is a perfectly good yellow, but the excitement comes in the intervening shades of dusky

pink, apricot, raspberry and lemon yellow. I like to see the flowers against silver leaves and to take my chance with a cheaper mixture rather than bothering with highly-priced single-named varieties. Plants bought now can be set out next weekend, jump-starting the bedding year by stealing a fortnight on your neighbours.

The second family is even

Penstemons are all over nurseries because they root easily and come in such pretty colours

more popular, although I well remember writing about them in an autumn of their full glory six years ago when a sudden early November frost then wrecked all the ones which I had implied to be safely hardy.

Penstemons are all over the place in nurseries nowadays because they root so easily from cuttings and come in such a pretty range of colours. Like gazanias, they are excellent in large pots and are well able to tolerate life in a Mediterranean bolt-hole within reach of a watering system. I would

never garden without them and the next few weekends are the time when I vary or replenish old stock.

I doubt if many penstemons have died in our recent non-winter. Many of us are left with last year's plants, largely unscathed by frost and still willing to grow away for another year. Now is the time to cut back their top growth to within a few inches of the ground and allow them to begin the new season. I have learned to feed mine regularly from early June onwards; a weekly spray with Phostrogen improves the colouring and quantity of bud.

Even so, the older plants do not sustain such a vivid season as young ones. They come into their own earlier in the year, but then their stamina fails and flowers are more scarce in the autumn season. As a result, I always mix new acquisitions into old survivors, even after such a mild and kind winter.

The hardest penstemon include the drab red Garnet which is a dead colour and used to turn up with stale cream astilbes in rather too many borders in National Trust gardens in the 1960s. Like the Conservative party, there has been talk of a change of name and experts are supposed to call it "Andenken an Friedrich Hahn" - which ought to damage its progressive prospects.

A much better hardy variety is that popularly on offer as Firebird, a marketable



Hardier starter: 'Magic', one of the varieties of gazania which can begin to be set out from next week

name for the older school. This name change was more of a hit: a good scarlet against pleasant dark green leaves, it is enjoyable without being sensational. It is almost hardy and I prefer it to the rose-red Drinkstone which is less of a clear colour.

As usual, the best colours come in those on the border of hardiness. Against a south wall, I have kept

plants of the charming Snow Storm, now to be reclassified as White Bedder, and recommend them for their elegant, tubular flowers.

The best of the dark varieties is Blackbird which seems to have survived since 1996 and is almost as dark as its name. These two varieties look rather splendid together, but my particular favourite is one first seen in the Chelsea Physic Garden,

the excellent scarlet Madame Golding which is now listed by nine suppliers who have come to the same conclusion.

On the edges of London, one of the best penstemon suppliers is Brian Hiley, 25 Little Woodcote Estate, Wellingborough, Surrey, who sells a good range of the bright colours and some unusual species as well. The basic garden-centre range of

near-hardy Hildcote pink, red King George and the rather insipid Sour Grapes form only a rather moderate selection from a much greater family. The main one to avoid is a purple-red and white-centred thing which is altogether too heavy and cheery for my taste, called Rubicundus.

Like the gazanias, the penstemons really can be bedded out or grouped in to the

inevitable gaps in bigger borders from next week onwards. The unlikely event of a really cruel frost will cut them back but not kill them. Once you have them, they are supremely easy to multiply from cuttings, especially if you remember to start them soon after midsummer when they will naturally develop into better flowering plants for the following season.

Motoring

The glossy posse

Haig Simonian tracks the growth of the car owner magazines

They look as slickly glossy and familiar as Harper's Bazaar or Vanity Fair. Their titles vary from the straitlaced corporate - The Volvo Magazine - to the maddeningly cryptic such as "m" which is The Magazine from Mazda and Forza! which is not affiliated to Silvio Berlusconi's Italian political party, but is from the UK arm of Fiat. They are all part of the fast-expanding world of car magazines for owners and potential buyers.

The magazines have become big business. Their circulations are mind-boggling. BMW distributes about 130,000 copies of its quarterly in Britain alone. The total run, including the German original (which is translated and augmented with local editorial in the UK) and those for other markets exceeds 1m. Mercedes-Benz's three-yearly British magazine prints 250,000 copies.

Even volume carmakers such as Ford and Renault cannot resist the temptation. Vauxhall recently pulled together a mixed bag of mar-

keting products to create VM Magazine. Adam Opel, its German sister company, produces Start.

Consumers may query their editorial worth, but the car companies claim the magazines are a central part of their marketing strategies.

Chris Willows, head of public affairs at BMW (GB), explains: "It costs far more to acquire a new customer than retain an old one." As cars have become more reliable, motorists visit their dealers less often, making them less aware of new products and more vulnerable to blandishments from competitors.

"We want to build up relations with our customers and keep them informed," says John Evans, head of corporate communications at Mercedes-Benz in the UK and editor of its owners' magazine.

The pressure to maintain brand loyalty has risen as newcomers have entered the market. Once, Mercedes-Benz could rely on owners to come back faithfully,



Cover stories: car groups are aiming to 'touch the customer' through owner magazines

Although its ability to retain customers is still the envy of the motor industry, it has to fight off not only BMW and Audi, but upstarts such as Volkswagen.

"Rewarding our customers for buying our cars has become essential," says Jane Cave, head of direct marketing at Volvo Car in the UK. "The magazine allows us to communicate with customers directly," says Willows. "It is another opportunity, in marketing jargon, to touch the customer."

The content of the magazines is broadly similar. Glossy travel pieces, such as a drive to somewhere sunny in the latest turbo or GTI, are ubiquitous. Articles on new products and technical innovations feature heavily, usually slotted between items on food, wine or sport.

Surprisingly, in view of its

buttoned-up image, Mercedes-Benz's magazine is wackier than most. Recent articles have included ones on eccentric Englishmen and the weather.

The content is partly dictated by the magazine's origins. Most are entirely UK-based and produced by specialist publishing boutiques. Some, such as the BMW and Audi magazine, mix British editorial with techno-copy translated from German. Others prefer locally originated material. "I won't put in a 12-page interview with engineers in Germany," says Evans. "It's not interesting."

Others are not so sparing. Success in the UK has prompted Volvo to launch new editions for other markets. In 1996, The Volvo Magazine won first prize for a customer magazine in the annual contest run by the

periodical publishers' association. A year later it was runner-up. Inspired by these results, the company's Swedish top brass authorised versions for the US, with big continental European markets coming soon.

Attitudes to paid advertising differ. Most magazines welcome selective advertising to defray substantial production and distribution costs. In general, the ads are predictable: luxury goods, notably watches and jewellery, are prominent. Property, boats and top-line hi-fi equipment are also much in evidence.

Willows admits that advertising helps to offset an annual UK budget running into six figures. Evans says Mercedes-Benz's magazine costs about £500 a year. Volvo declines to give a figure.

Cave claims advertising also makes the customer publications more readable, as they look more like real magazines "and not just a company brochure".

While advertising may help to create this impression, few people are taken in by the fictitious prices on some covers. Audi's magazine, which carries virtually no advertising, claims to cost £3.50 - although it is hard to believe anyone pays for it. Volvo - surely not an admission of being more poorly perceived in the market - demands £2. Renault, as befits a volume brand, "charges" just £2.

Cave admits such prices are meaningless. "No one pays. But having a price tag adds value to the public. It's to show the magazine is as good as anything you might buy on a news stand."

The ultimate test of the magazines' worth, of course, is whether anyone reads them. Empirical evidence is thin. Evans admits that the Mercedes-Benz magazine, now in its fourth year, "took at least a year to take off. But we have a very lively posting now. And we get about 20-30 calls a month from people asking to be put on the mailing list."

BMW sends its magazine free to owners during the three years their cars are covered by its free warranty scheme. Soon the company will be able to measure how well-regarded the magazine is: the first recipients will be receiving a letter inviting them to take out paid subscriptions. That will be the crunch.

Dear Tony Blair,

You must have been upset about that survey in What Car? magazine which found that your 3.3-litre Chrysler Voyager was the least "green" of 84 petrol-engined cars tested. I know how you must have felt. I've been driving one for over a year. In fact it's down to you and a conviction that you were headed for victory in the election that I got it.

I had been happily driving a six-year-old Volvo estate and would have been driving it now had it not been for my father-in-law. He's a Tory from way back and was feeling particularly generous in the lead-up to the general election. He was so sure the Tories were a busted flush, and so afraid that Mr Brown would tamper with inheritance tax that he and mother-in-law decided to buy us a car.

Fair enough, we said. Where I come from you don't look a gift horse in the mouth. So, a few days later - he's a fast mover my father-in-law - we had this new, top-of-the-range metallic-blue Voyager but without the television, video and fridge you had installed.

On the face of it, the car might appear reasonably politically correct - it can take seven after all. But you cannot hide that V6 engine or the pleasant gurgling sound when it's idling as it stumps at its petrol trough. If we want confirmation of its gas-guzzling capacity we need only look at the trip computer which tells how

much fuel it uses. What Car? recorded an average of 20mpg, slightly optimistic in my experience.

But I like to make the most of that engine. Let's face it, if it wasn't for that V6 engine we couldn't creep up behind BMWs (driven by Tories) and surge past leaving their drivers wondering how they had just been overtaken by a bus.

There's no getting away from it, Tony, defending this brute and its petrol profligacy is no easy task. The trick is not to, just sit there in traffic jams, head and shoulders above other luxury cars, and sip at mugs of coffee which can be kept in any one of the car's 12 mug-holders.

So, thank you, however unwittingly, for stirring the trickle-down effect within family wealth. I suppose it was changed circumstances that led to your own purchase. I mean, you were getting by OK with a Montego estate previously but it is hardly fitting for a prime minister.

Thank you, too, for bestowing the Labour stamp of approval on my car and, even more important, giving it a certain coolness by association. Who cares if What Car? disapproves? The Grand Voyager is cool - a car for the next millennium. You should put one in the Dome.

Richard Donkin

Fishing

Life's sweet mysterious weirs

I recently went to see an Irish play called *The Weir*, in which an assortment of colourful characters told tall stories, called each other "holix" and "terrible falls", said "jayzus" a good deal, and generally set about being exceedingly Irish. Having stumbled into a few bars like Brendan's in my time, I enjoyed it hugely. But I confess to one small disappointment - the title.

Unless I missed some great allegorical significance, it was called that because the construction of the weir was the only event that had ever occurred in the history of this mortally moribund place of slumber. I hesitate to suggest that the dramatist may have missed an opportunity. But had it been my play, I would have made more of the weir. I would certainly have thrown in a reference to the water, the gleaming salmon, maybe a "divil of a polke". I might have delved into its symbolic potential, if I had been

going in for that sort of deep stuff, perhaps had my hero ruminating on the swirling currents concealed by life's froth and foam. Good place for a suicide, now I come to think about it.

The Irish weir I remember best is the one at Careysville, on the Duke of Devonshire's famous Blackwater fishery - but not for angling reasons, although that is what we were there for. At dinner one evening, the anuburn-tressed girl who waited at the table described in soft, lilting tones how, on warm summer nights, she liked to swim in the pool below the weir, and how, occasionally, her legs would encounter a queuing eel. It could have been a tale from a play by Conor McPherson. Car-

tainly, there was something in the telling of it that left the company a touch short of breath.

The function of the weir is severely practical. It is a mechanism of control, a means to constrain a river's merrily inclination to flood or to flow too fast. But to those who are entranced by rivers and moving water, it is much more than that. It breaks the monotony of the water-course, injects drama, noise, often beauty. On no river is this function more vividly realised than on our Thames.

The Thames weirs were built, together with the locks, to make the river useful. But they swiftly acquired other functions: became meeting places, trading places, places to live, play around in

boats, muse, write poetry, go fishing. Their sweet, melodious names - Boveney, Hambledon, Mapledurham and the rest - gave the river a romance and an association with wholesome pleasure which, to this day, it has never lost.

In his celebration of the Thames and its fishing, *At The Tale of the Weir*, Patrick Chalmers urged the gentleman London anglers of the 1930s to forsake the uncertainties of Scottish salmon and invest, instead, in a weekend cottage at Shiplake, available at £70 a year. For that, you might fish the season round, for virtually every species in the kingdom, bar the char and salmon.

For Chalmers and other

migrant enthusiasts, the chief lure was the Thames trout. Although genetically identical to any other brown trout, these had their peculiarities. They were solitary, rare, carnivorous, and could grow to a vast size, up to 15lb. They fed infrequently and briefly, and to catch them, a man had to have good intelligence about their whereabouts, strong tackle, and great persistence.

Many years ago my brothers and I - fired by tales of these leviathans - attempted to emulate those characters from a more leisured age. We were wholly unsuccessful, although I retain a mental picture of my eldest brother bracing himself on the sill at Hambledon, while his rod bent and a great fish leaped

in the spray below. Then his rod straightened, booted feet stamped in rage, blasphemy drifted on the air.

In those days a 10-shilling permit issued by the old Thames Conservancy gave access to all but a handful of the weirs. The furthest upstream we got was to Gieve, where someone caught a very small pike. A little way downstream was Goring, where one could sit by the elegant curve of white water, within casting distance of the bridge, yet far removed from all the scurrying back and forth. I think I caught a bream there once, and a brother claimed to have lost a vast perch.

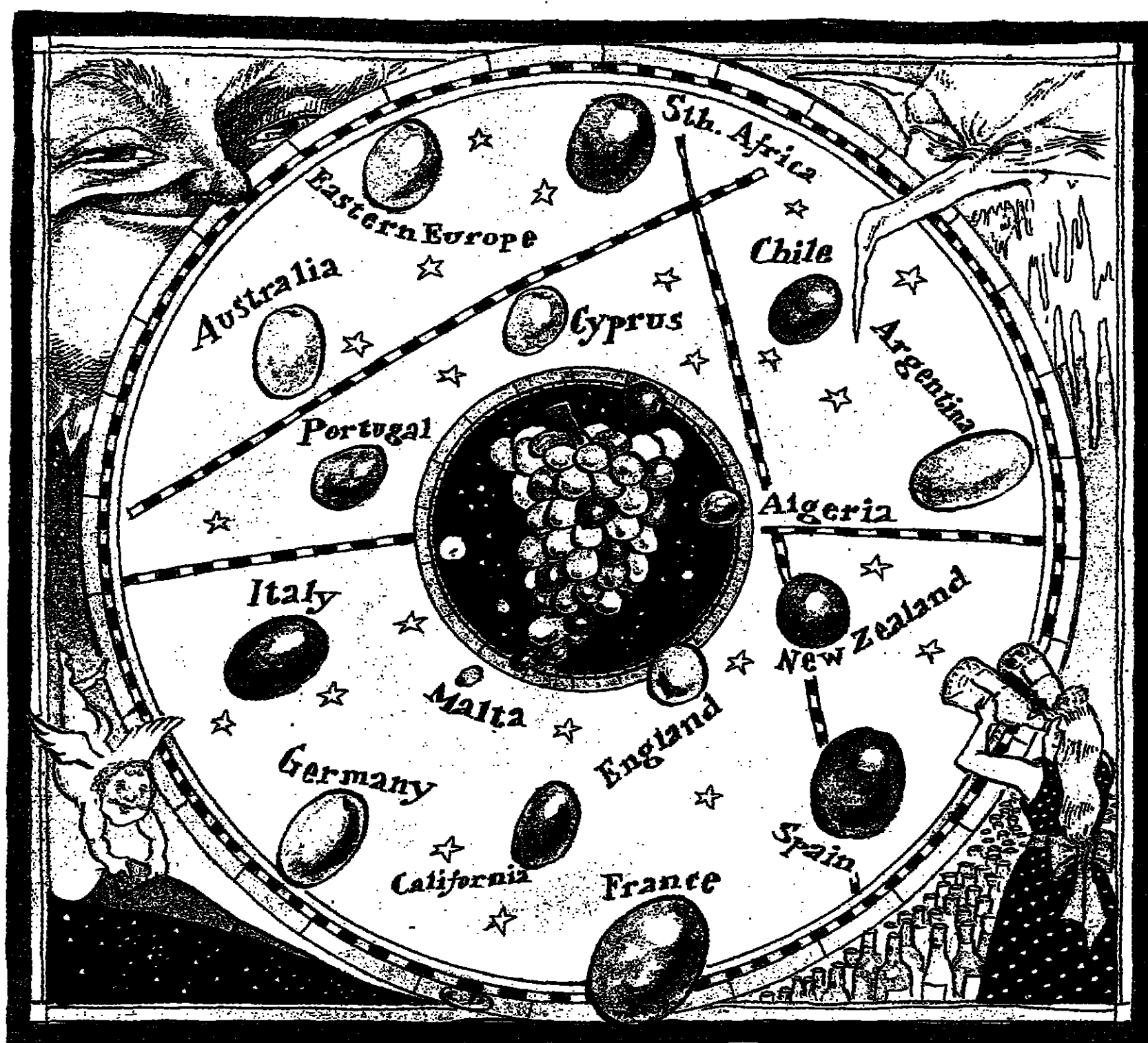
To be honest, we never did much good anywhere. Hamb-

don was too full of snags, and greedy pike which swallowed our worms and bit through our lines. Marsh had a high reputation, but was too turbulent for the puny anchors on our flat-bottomed rowing boat to keep us in one place. Shiplake was the best, for there were good pike and perch which came readily to a spinner, and chub which would greedily intercept balls of cheese paste drifted under a float past the trailing tendrils of a big willow.

Yes, thinking back, the promise of the weirs remained just that, promise unrealised. With their snags and their contradictory currents, they are tricky places to fish, demanding expertise and determination beyond our store. But they are still there, and I bet the fish are still there, and I am still here, older and perhaps wiser, and with summer presumably around the corner. I might just give it another go.

Tom Fort

FOOD AND DRINK



Strategies for dealing with mother nature's tantrums

Bad weather is affecting the world's vineyards – but Jancis Robinson knows how to respond

People have stopped asking me how wine can possibly provide enough material for a lifetime's work. This is probably because nowadays they walk into their local store and find bottles appearing from new countries every week. Algeria, Cyprus and Malta, for example, are some of the most recent recruits to the modern wine revolution.

But it is not just the expanding universe of wine that keeps us wine buffs on our toes. It is the weather. And never more so than in the last few weeks.

El Niño has plagued Argentina, which was just finally establishing itself as a serious wine exporter, with the wettest harvest anyone can remember. You know Argentina – the world's fifth biggest wine producer, although galloping rot in the vineyards will have cut yields this year.

The least smart white grapes were the hardest hit, with many crops reduced by 40 per cent. Things got so bad during the vintage in March that the bodegas put ads in the local press offering to pay growers double the going rate for their grapes.

And now some Argentine producers are rumoured to be scouring the south of France, Spain and Italy for cheap wine to make up the shortfall.

Not that they will find much joy in the Languedoc. Following a reduced 1997 harvest, much of the eastern part, from Beziers eastwards to the Minervois in particular, has been hit with the worst frost in living memory. This late April frost was especially hard on earlier-budding varieties such as Chardonnay, but many red wine vines suffered too.

All this is excellent news for up-and-coming Iberia, for Australia celebrating its first vintage in ages to offer quantity as well as quality, and for Chile. Argentina's arch-rival, where El Niño's effects were considerably less dramatic.

So what does the clever wine drinker do in response to all these reminders that Nature is infinitely more powerful than even an Australian-trained winemaker?

Here are some recommended strategies:

■ Take advantage of the superb value still on offer from the Languedoc. From the dozens of quality-conscious small estates which have held their prices remarkably steady, reds have become so much supplier and the whites so much more interesting over the past year or so. The red wines have lost none of their intense local character but they are no

longer rasping, thanks to much more sophisticated winemaking and, often, less dependence on Carignan (Ampliac and Lastours are the only two producers who can sell this tough old vine variety to me).

If, like mine, your brain has room for only one mental signpost, think Pic St Loup where a high proportion of ambitious

winemakers (as opposed to growers who simply trundle their grapes to the local co-op) keeps quality well above average. Bargains include Tenne Rouges 1995 (Ch de Camarero, £4.99 Fullers) and Ermitage de Pic St Loup 1997 (£3.99 Waitrose), both of which combine Syrah intensity with warm, red fruit flavours and richness. In the Languedoc, the fruit is so intense that the uncooked blends are often better value

than the more ambitious bottlings.

For some reason I do not understand, perhaps American reverence for all things French, US wine importers have worked harder to find the jewels of the deep south of France than their British counterparts. One exception is La Vigneronne of London SW7 which has long championed the stars of Languedoc and Roussillon.

La Vigneronne has a small allocation of the wines of Domaine de la Grange des Pères, made just next door to Mas de Daumas Gassac, and some of the excellent offerings from Domaine de Font Caude in nearby Montpeyroux. The 1995 Font Caude at £8.95 is a particularly serious, well-mixed blend of Syrah, Grenache and blend Merlot which should provide great drinking for the next three years.

Languedoc whites, meanwhile, have followed the usual cycle: from super-crisp to overcooked to gentle, delicate and interesting blends. Petit Manseng has taken over from Viognier as the most fashionable white grape variety and can be found at Damas Gassac (Adams of Southwold), Clonallon (Bennetts of Chipping Camden) and Belles Pierres of Murviel.

Domaines d'Auplilac and Grand Crés made delicious, generally uncooked, 1997s based on

Marsanne and Roussanne grapes, as did Ch de Lascaux in Pic St Loup. Lea & Sandeman of London W8 and SW10 have some of these very fine wines, as does the Wine Society of Stevenage.

■ Buy up Argentina's great mature reds. I have the feeling that energetic wine importers have trawled through Argentine bodegas to find all the wine that is fit to export.

I expect a leap from all this rich intensity to much younger, lighter, more "international" wine, such as Isla Negra Malbec 1997 (£5.99 Safeway, £5.49 Oddbins). A better buy in young Argentine red is Fitchman's 1997 Syrah (£4.99 Oddbins) which reminds me, with all its youthful eagerness to please, of Marques de Grillon's first vintage of Spanish Syrah.

So if you like your wine with a hint of bonfires and game, seize bottles such as Valentin Bianchi's Elise Cabernet Sauvignon 1993 (£9.99 Oddbins), velvety textured, very long-flavoured, easy to drink in and, oddly, rather fresher than the Malbec Reserve 1995 at the same price.

■ Finally, wait for prices to ease on Australian wines (and for the dockers to release them). See Oddbins' special offer and tastings this month.

■ Now that Chilean wine has the imprimatur of joint ventures with luminaries as acute as Robert Mondavi (Soda) and Barossa (Philippine de Rothschild (Alma Viva), we can expect a sharp increase in the number of high-end wines produced in Chile.

Paving the way is the ambitious new Montes

reared old-fashioned animal breeds, a trial meat pack may be ordered from Heel Farms of Devon.

For a special offer price of £42.90 you get 500g pork sausages in natural casings, 250g back bacon, four pork loin eye steaks, 500g of lamb leg steaks, 500g ground beef and a ready prepared beef and wine casserole for four. Overnight courier delivery guaranteed. Tel 01769-574341; fax 572638.

Jill James

seems good value at around £12.50 for the dramatically plummy product of an old Cabernet Sauvignon vineyard in the south. Seek it out at independent retailers such as Byrnes of Clitheroe, Amey's of

Cooking for love, hoping for profit

Nicholas Lander on new restaurant events in New York and London

Yet more events in London and New York's restaurant evolution will take place this autumn. Danny Meyer, owner of the Union Square Cafe and Gramercy Tavern in New York, will open Eleven Madison Square and Tabla in Manhattan. At almost the same time, Jeremy King and Chris Corbin, partners in The Ivy and Le Caprice in London, will reopen the once famous Sheekey's restaurants.

These three restaurateurs have achieved their fame by running organisations in which their customers and personal attention to detail are paramount. Now they plan to double the size of their empires.

The catalyst is a significant change in the economics of today's restaurants. Food costs used to be the main consideration, a fact succinctly acknowledged by three-star chef Nico Ladenis when he explained, looking ruefully at a nearby McDonald's, that the profit a restaurant generates is in inverse proportion to the quality of the food it serves. That was eight years ago. Today it is just as vital to generate the right volume of business to spread and, consequently, contain rising staff and fixed costs.

Corbin acknowledged this when he explained: "The question I am most often asked is what is the key to our success? The answer is permanent over-staffing, something that is deeply unfashionable today and probably not even tolerated in the many businesses our customers run."

"When we open the new restaurants we will at last be able to financially justify the cost of our personnel director whom we have happily been employing for years."

Corbin's acute observations, based on 20 years as a restaurateur, came back to haunt me at the end of two delightful meals. On each occasion I was joined by the chef/proprietor who had recognised not me but my guests. The first was Heston Blumenthal; the second Richard Corrigan.

Blumenthal has been cooking at The Fat Duck in Bray, near the River Thames in Berkshire, for almost three years.

Inspired predominantly by trips to France, supplemented by a mere week in the kitchens of Le Manoir aux Quat Saisons, Oxfordshire, he is an adventurous and accomplished cook.

Dishes such as a volouté of celeriac and tapioca with a cabbage parcel stuffed with pig's cheek and choucroute, or piquillo peppers filled with truffled brandade next to a fillet of red mullet with coco beans, are not found on most menus. But the appearance and flavours of these dishes and everything else we ate were outstanding, as is his wine list.

Not so his profit and loss account. "We lost money in our first two years," Blumenthal confessed, "and now that our reputation is established, the third year is better but not great. Outside London there is the perennial problem of weekday lunches when business can be very, very quiet." Blumenthal's inability to

find the right level of business is exacerbated by the building he occupies, an 18th century house with low ceilings which was a pub before it was transformed by Heston and his wife. It has an extremely small kitchen and outside lavatories, something the couple hopes to change.

"I dream of opening a restaurant with bedrooms, as is common in France, but it would be difficult to do this in Bray because Michel Roux's Waterside Inn is no more than 400 yards away. And now that I have established such a loyal clientele I do not want to move the family back to London," says Blumenthal.

Richard Corrigan, chef at The Lindsey House, Soho, echoed Blumenthal's sentiments about the struggle for profitability. He has already established a loyal following for his pungent, powerful Irish/Anglo cooking at Fulham Road, SW3 and the Barbican Centre.

He serves dishes such as ballotine of chicken with pistou broth, roast rib of beef with aged vinegar, wild salmon with saffron, green olives and fennel juices and daube of pork with apricots and cabbage. He says: "I am for-

Corrigan says that his business doubled when he put up his prices

tunate to have the financial backing of Searcy's [a big catering company], because even after cooking for 10 years I know that the biggest job satisfaction I am going to get is the pure joy of cooking. I know it is never going to make me rich." He added: "When I opened I priced my lunch menu at £16 for two courses, £19.50 for three and we had about half a dozen tables a day. Then I put the price up to £21 for three courses and immediately business doubled. I have no idea why."

Nor was Corrigan expecting such a demand for the private room at the top of this former 18th century townhouse, a demand which has made his meagre profits for the first six months. "It is a struggle carrying all the plates up from the basement kitchen," Corrigan says, "I am now planning to install a small finishing kitchen up there to improve what we can offer to the customer. And also save my waiters' legs."

But it is not just the search for profits that is stimulating change, Meyer says. "Ten years ago in America there were chains with hundreds of restaurants at one end of the quality spectrum and single, fine dining establishments at the other."

"Today competition is so intense that opening a new restaurant is the best way to energise my staff, to stop us from getting stale. And to make the profession exciting for the restaurateurs of the future."

Restaurant information

- Eleven Madison Park and Tabla, Eleven Madison Avenue, NY 10010.
- The Fat Duck, High Street, Bray. Tel 01628-580333, fax 01628-776188. Closed Sunday night and Monday.
- The Lindsey House, 21 Romilly Street, London W1. Tel 0171-439 0450. Closed Saturday lunch and Sunday.

Three new books of interest to food and drink lovers have come my way. *The Food and Cookery of Malta*, by Anne and Helen Caruana Galizia (Prospect Books, £12.50), might be a first in English. Malta's food is revealed to have some old fashioned Italian flourishes and interesting macaroni pies.

The Vivandier (Prospect Books, £12.50) is a 15th century French cookery book translated and edited by Terence Scully.

It will appeal chiefly to scholars. I am personally looking forward to making the "subtle English broth". Lastly there is a new

edition of Michael Jackson's *Great Beers of Belgium* (Prion, £14.99), the essential guide to the beer lover's paradise. *Giles MacDonald*

■ For people who like to know the story behind the bottle, Irma Fingal-Rock of Monmouth (01600-712372) has a burgundy offer backed up with an hour-by-hour written commentary on the buying trip that yielded it. Gachot-Monot's Côte de

CLARETS
VINTAGE PORTS
WANTED
We are looking for...
WILKINSON VINTNERS LTD
Fine Wine Merchants
Tel 0171 272 1982
Fax 0171 253 2543

■ To get a taste of naturally

Nuits Villages 1992, for example, is made by a man who also makes superb black pudding, and should surely cost more than £8.66 for such a delicately mature, truffle-scented bottle of pleasure. *Jancis Robinson*

■ The substantial business of Yapp Bros of Mere, Wiltshire (01747-880423) was founded in the 1870s to specialise in fine Loire and Rhône wines.

One of Yapp's most exciting wines, however, is the antipodean answer to a fine red Rhône, Georgia's Paddock Shiraz 1994 from Jasper Hill in the Australian state of Victoria. Each bottle, at £10.95, is as hand-crafted as any domestic-bottled burgundy, and more intense and powerful than any 1992. *JR*

■ Now that Chilean wine has the imprimatur of joint ventures with luminaries as acute as Robert Mondavi (Soda) and Barossa (Philippine de Rothschild (Alma Viva), we can expect a sharp increase in the number of high-end wines produced in Chile.

Appetisers

New books for the kitchen shelf



Victoria Wine's more wine-minded outlets, including the new Martha's Vineyard wine superstore at Barnet, north London. *JR*

Sudbury, Corkscrew Wines of Carlisle and Gales of Llangollen. It is much the most convincing Chilean offering from this Spanish-owned estate, but better value is La Palma Reserve Merlot 1996, just £8.99 from Fullers.

Unlike the other Chileans mentioned, it is for drinking rather than keeping; it is quite lusciously full and ripe, but has great balance. *JR*

■ An underpriced and thoroughly artisanal wine from Beaugolais is one of Victoria Wine's more atypical offerings this summer.

Julienas 1997 Les Fouillouses comes from Pelletier and costs only £8.99, a good £2 less than many less earthy, less convincing examples elsewhere. Seek this out in

Victoria Wine's more wine-minded outlets, including the new Martha's Vineyard wine superstore at Barnet, north London. *JR*

■ A sign of how much fine wine went east, and west, and a few hundred miles south of London last year is that the broking arm of City wine merchants Corney & Barrow has earned a Queen's Award for Export Achievement – and this from a division a mere six years old.

In the old days, it was Harveys of Bristol which clocked up the export gongs for the amount of cream sherry it re-exported. Today, we are shipping out much smarter stuff. And 80 per cent of it in C&B's case went not to the world's connoisseurs but to other wine merchants abroad. *JR*

■ Fortnum & Mason of Piccadilly, London, is celebrating Fine Tea Week from May 18 to 23 with special events, including a tutored tasting of rare teas on May 19 and an introduction to the traditional Japanese tea ceremony on May 22. From May 20 to 23, thirsty tea tappers are invited to sip, swirl and savor their nostalgic way through an afternoon tea dance. A dance instructor will be on hand to guide those who are a little rusty. For tickets and bookings call 0171-734 8040 ext 572. *Philippa Davenport*

RARE WINE
Presenting its
Red & White
Burgundy Collection
International Spectators on
Birth Year & Anniversary Vineyard from
1929 - 1940 - 1945 - 1948
1943 - 1953 - 1963
currently available.
Phone: (02) 880 37466
Tel: +44 (0) 181 964 2220
Fax: +44 (0) 181 964 3177

PROPERTY

Daily life is turning Gallic in Kent

Gerald Cadogan finds French language classes, French markets and French and Belgian buyers

The euro should be common currency in Kent within weeks of its introduction next January now that the French and Belgians are settling in the south-eastern tip of the UK and daily life is turning Gallic. "I have sold six houses to Belgians in the last year," says Simon Backhouse of Strutt & Parker. In Ashford, the Chamber of Commerce organises French lessons for local retailers, and a monthly French market has started. "We expected eight stalls the first time," says Jo James, sales manager at the Chamber of Commerce, "but 15 came over."

For the British who regularly visit mainland Europe, Kent's advantages are obvious. Catching Eurostar at Ashford instead of Waterloo cuts an hour - the slow British section - off the journey, making it two hours to Paris and one hour and 40 minutes to Brussels, which compares well with reaching London from many parts of the UK. And from Folkestone it is easy to take Le Shuttle for dinner in France and be back home by midnight, says Nigel Maclean of agent Calcutt Maclean Standen.

For French businesses that like to stay close to France, lower indirect labour costs in the UK are a big attraction. "The extras are around 41 per cent in France," says Maclean, "but only 18 per cent in the UK." About 20 French companies have settled in Ashford since the Channel tunnel opened, James notes, "most in the last 18 months,

and inquiries are strong." About 150 businesses attended a conference last September on relocating to Kent organised by Ashford-based consultancy La France Libre d'Entreprendre. This year, director Olivier Cadic hopes for 400 attendees.

For Bertrand and Catherine Velge, who moved last July from Belgium to the Georgian old rectory at Otterden, the UK tax regime was the draw. "This was the only place where Bertrand would not be too highly taxed on a golden handshake," says Catherine,

the Belgian way of replastering thoroughly before painting. "However, you have some wonderful carpenters and cabinet-makers here."

An unexpected difficulty was the need for local authority consent before working on the trees. "As soon as we started pruning," she says, "someone appeared from the council."

It takes time to digest the extreme diplomacy and beating around the bush of the English, Velge finds. "Belgians are more direct, while the English don't say exactly what they mean because it's impolite. One wonders how things get done."

"All the same, I love Kent. It is very civilised countryside, and still quite rural up here on the North Downs."

Otterden is in the North Downs Area of Outstanding Natural Beauty, near the mid-point of a triangle formed by Ashford, Canterbury and Maidstone, and well placed for the A20 and M20.

In the same area, buying agent County Homesearch has recently found a second home for a Parisian accountant. And on the market at Otterden, through Calcutt Maclean Standen, is the East Wing of Bunce Court, listed grade II, with five bedrooms and one acre, for £275,000.

The Kent market is "like the Berkshire golden corridor 10 years ago", S&P's Backhouse comments. Prices rose about 20 per cent last year, to levels never known before in the history of Kent property, and are still rising - "though not quite so much as in 1997".

Compared with the rest of

'The English don't say exactly what they mean. One wonders how things get done'

referring to the sum he received when his family's firm was bought out. "Yet we are only three hours to Antwerp."

"We loved the place from the moment we opened the envelope from the agent," she continues. She is settling in, with new friends among the parents at her daughter's school.

"But it has been hard to cope with English builders," and she is amazed by their habit of covering plastered walls with lining paper and then painting it, rather than



Getting to the point: a converted oast house in the hamlet of Stone-cum-Ebony for £425,000



Everything for the top-class horse: Greenloaming at Etchingham



St Dunstan's House: Georgian front conceals a medieval house

the south-east market, Kent has traditionally been the poor relation. But now that values in East and West Sussex and Hampshire have risen so high people are discovering Kent, and reaping the bonus of its superb European location.

Part of the pressure on prices comes from Kent having fewer large houses than the Sussexes or Hampshire. "It is a county of yeoman

farmhouses." Backhouse notes. There is little for sale at above £500,000, and demand far exceeds supply.

At the higher end of the market, CMS is selling a pleasant Georgian brick house near Ashford (Brisenden House at Bethereden) for £475,000. And S&P offers a handsome gabled house, dating from the 17th century, called Pocock Manor in the village of Sarre. The price of

£400,000 must reflect its location nine miles out of Canterbury towards Margate.

Both agents list converted barns near Ashford, at £400,000 (S&P) and £465,000 (CMS), and CMS a converted oast house in the hamlet of Stone-cum-Ebony between Tenterden and the old Cinque Port of Rye for £425,000.

A property for horse folk is Greenloaming at Etch-

terbury (S&P, £225,000), where a Georgian front conceals a medieval house with surviving wall paintings and an inscription in the cellar dated May 1614. Another possibility in the eastern bulge of Kent is The Retreat, a cottage opposite the church in the village of Sutton (GW Finn, £162,500).

The last option is a retirement scheme, Stonegate Place at Wye is a development by Environ County Homes at a former egg-packing factory with 27 units in Kentish vernacular style - plenty of tiles and white cladding. Prices start at £175,000. The agents are CMS and GA Town and Country.

■ *Ashford Chamber of Commerce, 01233-503838; Calcutt Maclean Standen, Wye, 01233-512066; County Homesearch, Seal, 01732-763066; GA Town and Country, Canterbury, 01227-781155; GW Finn, Sandwich, 01304-612147; La France Libre d'Entreprendre, Ashford, 01233-620176; Strutt & Parker, Canterbury, 01227-451123*

We've decided we must move to France. Why this is, we're not completely sure. But there seems to be a strong and sudden compulsion to leave England and the English preoccupation we want our small children to spend more time in sandals and less in scarves. People keep telling us there has never been a better time to buy, with French property still in the doldrums. We want to buy a house that we actually like for about £25,000 - still possible in France.

But where? We started off -

But there are people heading the other way...

mentally, not having been across the channel for years - in the Languedoc. The "poor man's Provence" is now renowned for being just as gorgeous and seductive as its more famous neighbour but at a third of the price. But it's still beyond our meagre budget, winters can be harsh, and an overnight stop would be needed for visitors from Britain.

Trawling of the internet's property listings offers a radical

alternative: the Limousin. A green region of lakes and rivers, east of Charente, north-east of the Dordogne, it's full of cheap farmhouses and hoveles for sale, some at under £10,000; many in the £20,000 bracket also have barns and land.

The fact that many have never had modern plumbing, preferring a hole in the ground to a wc, puts us off only momentarily. The reaction of a specialist French property agent has

more impact: "The Limousin? You must be joking. Rains all the time, cold winters, nothing but cows, and full of English because it's so cheap."

So Charente becomes a contender. It's second only to the Riviera for annual sunshine hours. Charente Maritime, that long strip of coastline north of Bordeaux, has mild winters and early summers. But it's too flat, and too discovered. Cheek by jowl with this French

Norfolk lie the French Cotswolds - the Dordogne. Too crowded: too English. The northern bit, however, Perigord Blanc, is less obvious, less dramatic and a lot less pricey. We seem to have found the area. But is it French enough? We hear disturbing reports of English colonies around Ribérac.

So we nose our way into Lot et Garonne, south of the Dordogne. Home at last! Gorgeous lush landscape, mid-way between the

Med and the Atlantic, lovely villages, vineyards aplenty, really exceptional markets at every turn, river swimming, long hot summers, mild winters.

Our joy is uncontrollable until the realisation sinks in that hundreds of thousands of people have already followed exactly the same trail around France, and ended up right here. Half the houses here are holiday homes. It's expensive. And, we sniff, too far inland for us.

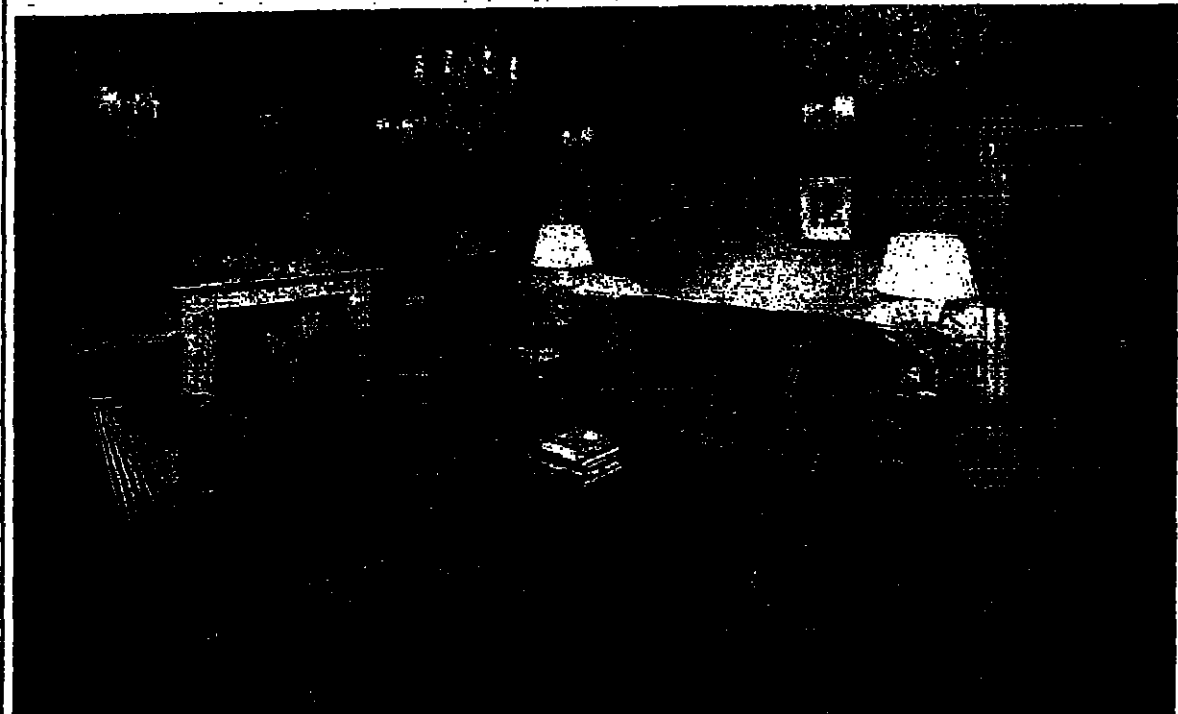
We find ourselves back in the Languedoc. But on the western side. We discover there's a cheap end, round the corner towards the Pyrenees and Spain: the Corbières. Village houses here start at around £15,000, but tend to be in dusty backwaters. Then a guidebook warns us that this is the badlands of France, with millions of acres of vines, but very few petrol stations, never mind restaurants.

Where next? Perhaps an expedition later this month will help clarify matters.

Andrea Gillies



Warehouse into apartments: the show flat at West India Quay is stunning - and there's a hotel and cinema complex on site



Four houses into 15 apartments: Number One Eaton Square has an understated exterior but the interior is sumptuous

On the Move

Prices are expected to fall for all but the best

Asian investors are abandoning the market for newly built London flats. They will become harder to sell, says Anne Spackman

An authoritative report on property development in London predicts that 1998 will be the year when buyers force down the price of new homes in poor locations.

The annual study by London Residential Research says this will be one consequence of developers having to replace south-east Asian investor buyers with domestic owner-occupiers who tend to be more demanding. The report judges that between 40 and 50 per cent of the London new-build market, in terms of value, was being sold in south-east Asia before last autumn's financial crisis.

The fall in demand from that region coincides with a sharp rise in supply. More than 7,500 homes will be completed this year - a rise of 70 per cent on 1997. Since 1993, "there have been only winners and winners among developers," the report states. "From now on, there will be winners, also, and one or two failures."

This year's purchasers are expected to buy after homes are built, rather than reserving off-plan. This will have repercussions both for developers' cash-flow and sales success. "It's not so easy to ignore the main road, railway line or green tower block when prospective purchasers visit the final product," the report argues.

"We feel there has not been sufficient price differ-

entiation within local markets in recent years to reflect the enormous variation in environmental and neighbourhood quality that exists within a couple of hundred yards. Those schemes that offer excellent setting as well as of generic location will continue to enjoy premium prices; those that do not will have to adjust prices."

The average price of a new home in London last year was £287,000. That figure was pushed up by the growing number of very expensive homes coming on to the market. There were almost as many new properties for sale costing more than £1m as there were costing less than £100,000. One-bedroom flats in London cost an average £174,000, two bedrooms were exactly £100,000 more and new three-bedroom properties averaged £285,000.

While the report believes the London residential market looks sound or even strong in the medium to long term, it predicts a challenging couple of years ahead. With more than 23,000 homes in the planning pipeline, supply is set to continue increasing up until the millennium.

Two-bedroom flats currently look the weakest sector of the new-build market. Paul Taylor of Hamptons says investors pushed prices too high for UK buyers, who are now opting to buy smaller and cheaper. He

says demand remains healthy for those flats which are well-located and offer facilities such as parking. Older-style mansion blocks and conversions are also selling well.

All of this is good news for domestic buyers, who suddenly find themselves in the driving seat in the new-build market. Not only are there thousands of standard boxes being completed across the

site. The show flat is stunning, combining authentic warehouse struts and windows, with solid oak and limestone floors, high-tech steel kitchens and contemporary bathrooms. The south-facing side not only gets the sun, but also the view over the water, whereas the north side gets the cinema complex. Buyers would be well-advised to choose the lightest apartment they can afford. Prices go from £170,000 for a north-facing studio to £210,000 for a south-facing penthouse. Details from Knight Frank (0171-637 0000).

At the other end of the architectural spectrum is the Grosvenor Estate's latest development at Number One Eaton Square. What was once a terrace of four houses on the south side next to St Peter's Church has been converted into 13 apartments. The entrance hall is in the traditional Eaton Square understated style, but the interior of the show-flat is sumptuous. Five of the apartments are on 20-year leases, with prices ranging from £150,000 to £275,000 for one and two bedrooms; the other eight are on 75-year leases with prices ranging from £1.25m to £3.25m for two to five bedrooms. Agents are George Trollope (0171-884 8111) and W A Ellis (0171-581 7654).

■ *Residential Development in Central and Inner London 1998 by London Residential Research Ltd.*

capital, at what may become increasingly negotiable prices, there are also a number of distinctive developments on the market, which were never aimed primarily at the investment buyer.

One such scheme in Docklands is West India Quay, just across the new Future Systems footbridge from Canary Wharf. A consortium headed by London's leading loft developer, Harry Handelman, is converting a Grade I listed warehouse into apartments, with a hotel and cinema complex

LONDON PROPERTY

174 NEW LUXURY APARTMENTS FOR SALE IN THE HEART OF WESTMINSTER, SW1

Just 500 metres from Parliament Square, Artillery Mansions is a new development of studios, 1, 2 and 3 bedroom apartments and penthouses fronting onto Westminster's famous Victoria Street.

- BUILT AROUND TWO PRIVATE LANDSCAPED COURTYARDS WITH FOUNTAINS
- AIR-CONDITIONED PENTHOUSES WITH TERRACES OVERLOOKING WESTMINSTER
- LEIGHT KITCHENS WITH AEG APPLIANCES
- 24 HOUR SECURITY AND DAILY PORTERAGE
- UNDERGROUND CAR PARKING
- 999 YEAR LEASES
- PRICES FROM £150,000

artillery mansions

A new development by Roxlight and Allied London Properties PLC



For further information please contact the on-site sales office on

0171 233 1166

or fax on 0171 233 1177



0171 584 6106

★ LONDON ★

RESIDENTIAL PROPERTY EXHIBITION

★ MAXIMUM VALUE ★
Luxury
1 Bed. Apartments
from
£99,950

★ MAXIMUM VALUE ★
Luxury
2 Bed. Apartments
from
£135,000

ESTIMATED GROSS RENTAL YIELDS UP TO **12.4%**

VIEW 12 DEVELOPMENTS UNDER 1 ROOF!

EXHIBITION INCLUDES
MANY RIVERSIDE DEVELOPMENTS
MODELS & VIRTUAL REALITY TOURS

2 DAYS ONLY: SAT 9TH-SUN 10TH MAY '98

UP TO **85%** INVESTMENT MORTGAGES AVAILABLE

UP TO **85%** INVESTMENT MORTGAGES AVAILABLE

EXHIBITION SALES OFFICE
OPEN 7 DAYS 9.30-5.30
0171 620 1500

DOORS OPEN 10.30AM

0800 90 89 21

View from apartment

Final release
Lexington Penthouses, Islington

Stunning architecturally designed landmark building
Superbly located between Clerkenwell, Islington and the City
Overlooking 12 acres of greenery and park
Incredibly high specification
200 - 500sq foot terraces
14 - 18 foot high ceilings
Courtyard designed by Elizabeth Banks
Secure underground parking
Gymnasium
24hr concierge

London Living **metropolis**

Show apartment open daily 11am - 5pm
0171 250 0404

Selling agents: FPD Savills and De Groot Colles

BUYING FOR INVESTMENT?

EDINBURGH
Scotland's Capital and Home of the New Parliament offers outstanding value for money, with excellent capital growth expected over the next few years.

- New city centre development
- Completion due April 1999
- Buy at today's fixed price
- 2 bedroom flat at £102,500 (50% off)
- 1 bedroom flat at £82,500
- Eight reserved already out of 12
- 7% net yield after all costs

First three enquiries will receive a free copy of the new best selling book 'Property Investor - the essential guide to buying to let worth £12.99 + postage.

MALCOLM WARRACK
SENATE INTERNATIONAL
TEL: 0131 226 3638
FAX: 0131 226 3639

Home Search
LONDON'S NO. 1 SPECIALIST SEARCH COMPANY
LET US SEARCH FOR YOU

Tel: +44 (0) 171 838 1066
Fax: +44 (0) 171 838 1077

http://www.homesearch.co.uk
HomeSearch (London) Ltd
Kingsbridge SW3

CHESTERTONS
ST JOHN'S WOOD, NW8

A substantial Grade II listed family home having two elegant reception rooms on the raised ground floor with views over a south-east facing garden.

2 reception rooms, dining room, conservatory, kitchen, 4 bedrooms, 3 bathrooms, shower room, family room/breakfast room, 7 cloak room, utility room, off street parking.

Sole Agent
Price on Application
Freehold

LITTLE VENICE: 0171 286 4632

29 QUEENSGATE, SW7
FLAT FOR SALE

LARGE 1 BED FLAT
• Close Royal Albert Hall & Kensington Gardens • Very quiet location
• Fully furnished • Excellent rental income
• Lift • Freehold parking
• Leasehold 110 yrs

£212k
01908 560688

BLOOMSBURY WC1 New penthouse
3 beds, 1850 sq ft, Terrace, parking, £410,000, Hurford Savill Carr
0171 250 1012

CLERKENWELL 2 bed flat Georgian conversion overlooking Northampton Square. £235,000 Hurford Savill Carr
0171 250 1012

FETTER LANE EC4 City pied a terre 1 bed flat, portered block, £125,000 Hurford Savill Carr
0171 250 1012

DOCWRA
ESTATES AGENTS
FULHAM

Refurbished Maisonette in Period Building.
Galleried kitchen 15' x 14' overlooking Riverpan Maylenood Flooding, Maplewood Links with Granite 1/2 Surface, Views Windows, to front & rear.
1st x 13' Reception, Bed 2 12' x 10' with built in wardrobe, bathroom of landing, Bed 1 12' x 12' with built in wardrobe, Mainbed, Gallery, vaulted ceiling, oak windows to side and rear, Velux Window in ceiling, view up to on-seller shower room, Quiet location, no Tube.

£265,000 (share of Freehold)
0171 381 8272
191 Manner Road, Fulham, London SW6 6RN
Tel: 0171 381 8272 Fax: 0171 381 8272

JOHN TAYLOR
BELGRAVIA FREEHOLD

Caroline Terrace
London SW1

Attractive Family Home
2 Recep., Study, 4 Beds,
2 Baths, Pretty paved
Garden
£1,000,000

0171 581 5755

FPDsavills
INTERNATIONAL PROPERTY CONSULTANTS

View from one of the terraces

SHAD THAMES, LONDON, SE1
A superb penthouse (in excess of 4,100 sq ft) on four levels with six terraces, at the Anchor Brewhouse in Shad Thames next to Tower Bridge. There are panoramic views over London and the River Thames from all the principal rooms.
42' reception room with 2 large terraces, dining room, high tech kitchen and breakfast room,
4 bedrooms,
4 bathrooms (3 en suite), galleried rotunda with surrounding terrace and gazebo. Private lift to all floors. 24 hour porterage and underground parking for 4 cars.
Leasehold
£3.95 million

Joint Sole Agents
FPDsavills
Butlers Wharf: 0171 940 6500
Contact: Simon Grace
e-mail: sgrace@fpdsavills.co.uk

Seek and we will find

If you want to buy the best in property you'll have to find it before anyone else does. But you are busy and you need expert help to get to the front of the queue.

Property Vision will find you the property you are looking for before it reaches the press. Once found, we make sure you pay what it's worth - which can be a long way from the asking price.

£200,000 to £10 million

PROPERTY VISION
A selection of houses and flats available for rent in all price ranges. Enquiries or viewings. Many ready for immediate occupation.

Tel: 0171 833 4388
Fax: 0171 833 8188

Property Vision Limited, 8 Cromwell Place, London SW7 2JN
www.propertyvision.co.uk

CENTRAL LONDON
Selection of quality properties available for one month plus.
£400-£4,000 pw.
Tel: 0171 244 7711

ISLINGTON & CITY
A selection of houses and flats available for rent in all price ranges. Enquiries or viewings. Many ready for immediate occupation.

Tel: 0171 226 4321
Fax: 0171 226 4167

SERVICED APARTMENTS IN LONDON
Selection of one bedroom and two bedroom apartments within M1 and M25 areas.
SHORT OR LONG TERM STAYS NOW AVAILABLE
The Apartment Service Tel: 0181 346 4444 Fax: 0181 346 5744
Email: serviced@apartment.co.uk Internet: http://www.apartment.co.uk

0171 250 1012

INTERNATIONAL ARTS GUIDE

What's on
around the
world

AMSTERDAM

EXHIBITIONS

Rijksmuseum
Tel: 31-20-673 2121
● Drawings from the Golden Age: display of 100 17th century Dutch drawings, including landscapes by Vischer, Van der Velde and Van Goyen; to Jul 12
● Sunday: Photographs by Carlen. Artins. The first in a series of special photography commissions; from tomorrow until Aug 23

OPERA

Netherlands Opera, Het Muziektheater
Tel: 31-20-551 8911
Tosca: by Puccini. New production by Nicolaus Lehnhoff with a cast including Bryn Terfel. The conductor is Riccardo Chailly; May 10, 12, 15

BALTIMORE

EXHIBITION

Walters Art Gallery
Tel: 410-547 9000
Monet: Paintings of Giverny from the Musée Marmottan. 22 paintings produced during the last 23 years of the artist's life; to May 31

BARCELONA

EXHIBITIONS

Fundació Joan Miró
Tel: 34-3-329 1908
www.fundamiro.es
Private negatives, public fictions: 100 photographs from the Musée National d'Art Moderne in Paris. Includes works by Robert Doisneau, Dora Maar and Man Ray; to Jul 12

MUSEU PICASSO

Tel: 34-3-319 6310
Egon Schiele: The Leopold Collection. 152 paintings and drawings on loan from the largest private collection of Schiele's work in the world; to May 31

BASLE

EXHIBITION

Kunstmuseum
Tel: 41-61-271 0828
www.kunstmuseumbasel.ch
Andy Warhol: Drawings 1942-1987. Around 230 works, most of them on loan from the Andy Warhol Museum in Pittsburgh and the Warhol Foundation in New York; to Jul 19

BERGAMO

EXHIBITION

Accademia Carrara
Lorenzo Lotto: Rediscovered Master of the Renaissance. 50 paintings, many of them on loan from churches and museums; to Jun 28

BERLIN

DANCE

Deutsche Oper
Tel: 49-30-34384-01
Deutsche Oper Ballet: triple bill of works by Kylián, Bijnorzi and Forsythe; May 9, 10

BOLOGNA

OPERA

Teatro Comunale
Tel: 39-51-529 980
www.teatrocomunale.it
Don Pasquale: by Donizetti. La Scala production conducted by Maurizio Benini/Roberto Polastri in a staging by Stefano Vizzoli. Cast includes Ruggero Raimondi; May 10, 12, 14, 15

BONN

EXHIBITIONS

Kunst- und Ausstellungshalle der Bundesrepublik Deutschland
Tel: 49-228-917 1200
www.kah-bonn.de
The Iberians: between the sixth and the first century BC, a little-known civilisation existed on the west of the Mediterranean coast. Contemporaries of the Phoenicians and the Greeks, the Iberians developed a distinctive culture. Some of the 350 objects included in this display have never before been removed before from the sites of their excavation. Others have been loaned by Spanish and French museums; from May 14 to Aug 23

BOSTON

EXHIBITIONS

Museum of Fine Arts, Boston
Tel: 1-617-267 9500
A Grand Design: The Art of the Victoria and Albert Museum. North American tour of 250 objects from the V&A's collection. Ranges from da Vinci's notebooks to shoes by Vivienne Westwood; to May 17

BRIGHTON

THEATRE

Brighton Festival
Tel: 44-1273-685 851
The Cherry Orchard: by Chekhov. Rimas Tumenas directs a production by the Small Theatre of Vilnius, Lithuania. With English subtitles; Gardner Arts Centre, University of Sussex; May 9

BRUSSELS

OPERA

La Monnaie
Tel: 32-2-229 1211
● Il Ritorno d'Ulisse: by Monteverdi. New production conducted by Philippe Pierlot in a staging by William Kentridge. With the Handspring Puppet Company at the Lunettheater; May 9, 10, 12, 15, 16
● L'Orfeo: by Monteverdi. New production conducted by René Jacobs and directed and choreographed by Tilmann Breen, with designs by Roland Asselmann; May 13, 14, 15

CHICAGO

CONCERTS



Liam Neeson as Oscar Wilde in David Hare's play 'The Judas Kiss', previously seen in London and now at New York's Broadway Theatre. With Peter Capaldi (top) and Tom Hollander

Orchestra Hall
Tel: 1-312-294-3000
www.chicagosymphony.org
● Chicago Symphony Orchestra: conducted by Mark Wigglesworth in works by Debussy, Mozart, Berg and Sibelius. With soprano Christine Schäfer; May 9
● Chicago Symphony Orchestra: conducted by Franz Welser-Möst in works by Brahms and Shostakovich. With piano soloist André Watts; May 14, 15

DUBLIN

Irish Museum of Modern Art
Tel: 353-1-612 9900
● Brian Cronin: Fat Face With Fork. First exhibition in Ireland of work by the Dublin-born, New York-based illustrator; to Jun 1
● Peter Shelton: godelpies. Monumental sculptural piece by the Los Angeles-based artist, b.1951; to Jun 14

National Gallery of Ireland
Tel: 353-1-661 5139
The Irish Architectural Archive: 50 works selected from the archive, including designs for houses and churches by architects including James Gordon and Raymond McGrath; ends tomorrow

EDINBURGH

Scottish National Gallery of Modern Art
Tel: 44-131-624 6200
● Sacred and Profane: Calum Colvin. Display of 10 specially-commissioned works by one of Scotland's leading contemporary artists; to Jun 28
● William MacTaggart (1905-1981): retrospective of the Edinburgh modernist. Includes around 50 paintings, watercolours and drawings; ends tomorrow

FLORENCE

Maggio Musicale Fiorentino
Tel: 39-55-211158
www.maggiofiorentino.com
Le Comte Ory: by Rossini. New production conducted by Roberto Abbado in a staging by Lorenzo Mariani. ETI-Teatro della Pergola; May 15

FRANKFURT

Frankfurt Oper
Tel: 49-69-21202
Budapest Festival Orchestra: conducted by Naji Fischer in works by Mahler and Bruckner. With mezzo-soprano Doris Soffel; May 15

GLASGOW

Scottish Opera, Theatre Royal
Tel: 44-141-332 9000
The Queen of Spades: by Tchaikovsky. Conducted by Richard Armstrong in a staging by Yannis Kikios; May 6, 12

HOUSTON

Exhibitions
Museum of Fine Arts, The Menil Collection and the Contemporary Arts

Museum
Tel: 1-713-639 7750
Robert Rauschenberg: previously seen at the Guggenheim, New York, this major retrospective spans the artist's 50 year career and includes some 400 works; to May 17

LAUSANNE

Concert
Théâtre de Beaulieu
Tel: 41-21-643 2211
Orchestra de la Suisse Romande: conducted by Ulf Schirmer in works by Carl Nielsen and Isang Yun. The programme is completed by Stravinsky's Rite of Spring; May 14

OPERA
Opéra de Lausanne, Théâtre Municipal
Tel: 41-21-310 1600
Il Matrimonio segreto: by Cimarosa. Conducted by Jonathan Darlington in a staging by Alain Marcol. Cast includes Alain Hagley; May 10, 12

LISBON

DANCE
100 Days Festival, Expo '98
Pina Bausch: specially commissioned new work; Main Auditorium, Centro Cultural de Belém; May 11, 12, 13

LONDON

CONCERTS
Royal Festival Hall
Tel: 44-171-300 4242
Barenboim Beethoven Cycle: series of six concerts, with Barenboim conducting the nine Symphonies and directing the five Piano Concertos from the keyboard. With the Staatskapelle Berlin and London Symphony Orchestra; May 15

EXHIBITIONS
Hayward Gallery
Tel: 44-171-261 0127
www.hayward-gallery.org.uk
Anish Kapoor: one of a generation of British artists who came to prominence in the 1980s. Kapoor creates sculptures using stone, steel, and mirrored metal. This first major showing of his work in a public gallery in Britain includes massive new stone pieces; to Jun 14

National Gallery
Tel: 44-171-330 3321
● Henry Moore and the National Gallery: celebration of the centenary of Moore's birth consisting in a selection of his favourite among the Gallery's holdings; to May 31
● Masters of Light: Dutch Painting from Utrecht in the Golden Age. Brings together 74 works produced by painters working in the city of Utrecht in the first half of the 17th century; to Aug 2

Royal Academy of Arts
Tel: 44-171-300 8000
Holy Russia: icons and the Rise of Moscow 1400-1800. 50 rarely exhibited icons lent by Russian museums are the centrepiece of this exhibition, which also includes 16 manuscripts; to Jun 14

Tate Gallery
Tel: 44-171-887 8000
● Bonnard (1867-1947): major retrospective focusing on 100 works produced between the 1890s and the 1940s. Includes landscapes, still lifes, a

series of nudes depicting Marthe, Bonnard's lifelong companion, and several self-portraits; to May 17, then transferring to New York
● Par Kierby (b.1938): continuing the series of contemporary sculpture displays, this exhibition includes paintings, sculptures and a specially constructed brick structure by the Danish artist; to May 28
● Turner and the Scientists: An Artist in Two Cultures. Display demonstrating the importance of Turner's relationship with his scientific contemporaries; to Jun 21

THEATRE
Almeida Theatre
Tel: 44-171-359 4404
The loamen Cometh: by Eugene O'Neill. Howard Davies' production stars Kevin Spacey, Rupert Graves and Clarke Peters

Barbican Theatre
Tel: 44-171-338 8891
● Much Ado About Nothing: by Shakespeare. With Alex Jennings and Stephen Redmond, directed by Michael Boyd
● Cymbeline: by Shakespeare. Adrian Noble directs Joanne Pearce as Imogen

Comedy Theatre
Tel: 44-171-369 1731
The Real Inspector Hound by Tom Stoppard and Black Comedy by Peter Shaffer. Double bill directed by Greg Dolan

Lyric Shakespeare
Tel: 44-171-494 5045
Closer: written and directed by Patrick Marber. West End transfer after a sell-out run at the National Theatre

National Theatre, Cottesloe
Tel: 44-171-452 5000
Our Lady of Siles: by Sebastian Barry. Directed by Max Stafford-Clark, with Catherine and Sinead Cusack

National Theatre, Lyttelton
Tel: 44-171-452 3000
Othello: by Shakespeare. Sam Mendes directs David Harwood, Simon Russell Beale and Claire Skinner in a production previously seen at the Cottesloe

National Theatre, Olivier
Tel: 44-171-452 3000
● An Enemy of the People: by Ibsen. Directed by Trevor Nunn and starring Ian McKellen
● Flight: by Mikhail Bulgakov. Howard Davies directs a production starring Kenneth Cranham and Alan Howard

Playhouse Theatre
Tel: 44-171-839 4401
Naked: by Pirandello. Almeida Theatre production directed by Jonathan Kent. With Juliette Binoche as the elusive Enlita Drei

LOS ANGELES

OPERA
L.A. Opera, Dorothy Chandler Pavilion
Tel: 1-213-972 8001
www.laopera.org

Il Trovatore: by Verdi. Conducted by Gabriele Ferro in a staging by Stephen Lawless. Cast includes Vladimir Bogachov; May 13

MILAN

OPERA

Teatro alla Scala
Tel: 39-2-58791
www.teatroallascala.it
Der Freischütz: by Weber. Conducted by Donald Runnicles in a staging by Pier All, with a cast including Kim Begley and Nancy Gustafson; May 9, 12, 14

MOSCOW

EXHIBITIONS

Pushkin State Museum of Fine Arts
French Master Drawings from the Pierpoint Morgan Library: featuring 120 drawings, sketchbooks and albums drawn from the library's permanent collections; ends tomorrow

MUNICH

CONCERTS

Philharmonie Gasteig
Tel: 49-89-5481 8181
● Bavarian Radio Symphony Orchestra: conducted by Dmitri Khatjenko in works by Prokofiev and Tchaikovsky; May 14, 15
● Die Schöpfung: by Joseph Haydn. Concert performance conducted by Hayko Siemsen; May 9
● Westdeutsche Sinfonie Leverkusen: conducted by Dirk Joeres in works by Haydn, Mozart and Beethoven. With horn soloist Michael Thompson and violinist Jural Cizmarovic; May 13

OPERA

Bayerische Staatsoper
Tel: 49-89-2185 1920
The Midsummer Marriage: by Michael Tippett. Munich premiere. Mark Elder conducts a production staged by Richard Jones, with a cast including Alison Hagley and Philip Langridge; May 15

NEW YORK

CONCERTS

Lincoln Center
Tel: 1-212-721 6500
www.lincolncenter.org
● New York Philharmonic: conducted by Leonard Slatkin in works by Fine, Mozart and Dukas. With piano soloist Alicia de Larrocha; Avery Fisher Hall; May 9, 12
● New York Philharmonic: conducted by James Conlon in works by Zeligsky, Rachmaninov and Liszt. With piano soloist Garrick Ohlsson; Avery Fisher Hall; May 14, 15

EXHIBITIONS

Guggenheim Museum
Tel: 1-212-423 3500
www.guggenheim.org
● China - 5,000 Years: more than 500 works of art, ranging from the Neolithic period to the modern, with traditional works displayed at the uptown museum (to Jun 3), and the modern section at the Guggenheim Museum SoHo (to May 25). Transfers to Bilbao in the summer
● Visions of Paris: Robert Delaunay's Series. Previously seen in Berlin, this exhibition focuses on the series paintings made by the artist in Paris, of subjects including Saint-Séverin and the Eiffel Tower; to May 24

Metropolitan Museum of Art
Tel: 1-212-879 5500
www.metmuseum.org
● Augustin Pajou, Royal Sculptor: first retrospective devoted to works by the French sculptor (1730-1809); to May 24
● Charles-Honoré Lannuier (1779-1819): around 50 pieces of furniture by the French cabinetmaker who built a career in New York; to Jun 14
● Paul Strand, Circa 1918: 50 rare prints tracing the photographer's transition from a soft-focus style to a bold, American modernism; to May 31
● Pierre-Paul Prud'hon (1758-1823): first American retrospective of work by the court painter and draftsman; to Jun 7
● When Silk Was Gold: Central Asian and Chinese Textiles. Featuring 64 precious textiles from the 8th to 15th centuries; to May 17

Museum of Modern Art
Tel: 1-212-708 9480
www.moma.org
● Alvar Aalto: Between Humanism and Materialism. Centenary tribute to the Finnish architect, designer and town planner; to May 19
● Chuck Close: retrospective of the American painter, comprising 90 works and ranging across his career; to May 28
● Fernand Léger (1881-1955): retrospective comprising some 220 paintings and drawings by the early modernist; to May 27

THEATRE
Broadhurst Theatre, 235 W. 44th St.
Tel: 1-212-239 6200
The Judas Kiss: by David Hare. Richard Eyre directs Liam Neeson as Oscar Wilde in this Almeida Theatre production, originated in London

Cort Theatre, 138 W. 48th St.
Tel: 1-212-239 6200
Freddie John Leguizamo's autobiographical one-man show about growing up in New York, directed by David Bar Katz

Golden Theatre, 252 W. 45th St.
Tel: 1-212-239 6200
The Chalk: by Ionesco. Théâtre de Complicité/Royal Court production transferring from London after a sell-out run. Simon McBurney directs Geraldine McEwan and Richard Briers

Joseph Papp Public Theatre, 425 Lafayette St.
Tel: 1-212-260 2400
The Cripple of Inishmaan: by Martin McDonagh. In which a Hollywood producer visits a remote Irish island community. Directed by Jerry Zaks

K2 Kat Klub, 124 W. 43rd St.
Tel: 1-212-239 6200
Cabaret: revival of the 1966 Kander and Ebb musical directed by Sam Mendes and Rob Marshall, in a Roundabout Theatre production starring Natasha Richardson

Longacre Theatre, 220 W. 48th St.
Tel: 1-212-239 6200
Golden Child: David Henry Hwang's 1996 drama explores the impact of Christianity upon a Chinese family. Directed by James Lapine

Royale Theatre, 242 W. 46th St.
Tel: 1-212-239 6200
Art: by Yasmine Reza. Production directed, as in London, by Matthew Warchus. With Alan Alda, Alfred Molina and Victor Garber

Theatre Four, 424 W. 55th St.
Tel: 1-212-239 6200
The Seagull: by Chekhov. New production by the Blue Light Theatre Company, in a translation by Tom Stoppard. Cast includes Maria Tucci

Walter Kerr Theatre, 219 W. 48th St.
Tel: 1-212-239 6200
The Beauty Queen of Leenane: by Martin McDonagh. With Anna Manahan and Marie Muller

OSAKA

EXHIBITION

The Museum of Art, Kintetsu
Tel: 81-6-624 1111
Aubrey Beardsley: more than 200 drawings, prints, posters and books created during the brief period of the artist's fame. The exhibition marks the centenary of Beardsley's tragically early death, and arrives at the V&A in October, after touring in Japan; from May 15 to Jun 8

PARIS

CONCERTS

Théâtre des Champs Elysées
Tel: 33-1-4525050
Cyril Huvé: recital by the pianist of works by Brahms; May 11

EXHIBITIONS

Musée Carnavalet
Tel: 33-1-4272 2112
Chaumet: showcase of jewels and objets d'art made by the Parisian jewellers from the age of Napoleon to the present; to Jun 28

Musée d'Orsay
Tel: 33-1-4049 4814
www.Musee-Orsay.fr
● 1848: examining the relationship of artists to the revolutionary movement of 1848; to May 31
● Manet, Monet, and the Gare Saint-Lazare: places Manet's famous painting 'In a context provided by works by other artists and a group of related drawings, prints and photographs; to May 17

Musée du Louvre
Tel: 33-1-4020 5151
www.louvre.fr
La Collection Lemme: 17th and 18th century Italian art. Exhibition to mark the gift to the Louvre of 20 paintings and a sculpture; ends on Monday

PHILADELPHIA

EXHIBITION

Philadelphia Museum of Art
Tel: 1-215-763 8100
www.philmuseum.org
Self-Taught Artists of the 20th Century: An American Anthology. 300 works by more than 30 artists, all of them without formal training; to May 17

ROME

EXHIBITION

Palazzo delle Esposizioni
Tel: 39-6-474 5003
Lucio Fontana: retrospective of the Italian artist, best-known for his work of the 1950s and 1960s; to Jun 22

SAN FRANCISCO

CONCERTS

Davies Symphony Hall
Tel: 1-415-694 6000
www.sfsymphony.org
● Philadelphia Orchestra: conducted by Wolfgang Sawallisch in works by Weber and Tchaikovsky; May 12
● San Francisco Symphony Orchestra: conducted by Peter Maxwell Davies in the world premiere of his own new work, A Reel of Seven Fishermen. The programme is completed by works by Haydn and Shostakovich. With cello soloist Lynn Harrell; May 9
● San Francisco Symphony Orchestra: conducted by Michael Tilson Thomas in works by Krumpholtz, Sibelius and Brahms-Schoenberg. With violin soloist Sarah Chang; May 14, 15

STOCKHOLM

CONCERTS

Königlichen Oper
Tel: 46-8-248 240
Deutsche Oper Orchestra: conducted by Jiri Kout in works by Weber and Dvořák; May 10

OPERA

Königlichen Oper
Tel: 46-8-248 240
Deutsche Oper: Tannhäuser, by Wagner. Conducted by Jiri Kout in a staging by Götz Friedrich; May 9, 12

WASHINGTON

EXHIBITIONS

National Gallery of Art
Tel: 1-202-737 4215
www.nga.gov
● Alexander Calder (1898-1976): around 250 works, among them some of the best examples of Calder's formally innovative sculpture; to Jul 12
● Degas at the Races: horse racing, like the ballet, was an important and longstanding theme in Degas' work. This display comprises 100 variations on this theme and includes paintings, pastels, drawings, prints and sculptures; to Jul 12
● Mark Rothko: major retrospective of the American abstract artist, including loans from Europe and Japan; to Aug 16, then touring

Arts Guide by Susanna Rustin
e-mail: susanna.rustin@ft.com
Additional listings supplied by ArtBase
Tel: 31-20-664 6441
e-mail: artbase@ft.com

Weekend Investor

Wall Street

Another giant stride for merger mania

And there's plenty of scope for more of the same, writes John Authers

Perhaps America's chief executives have been taking too much Viagra. More of them are succumbing to the urge to merge than ever before, and it is no easier to spot an end to the trend than it is to see an end to the nation's economic boom, or its healthy stock market.

For a while, banks and financial services companies seemed to have the field to themselves, with most of this year's mega-mergers involving large commercial banks.

This week, though, the Chrysler car company, one of the US motor industry's big three for more than half a century, took the decision to sell to Daimler-Benz of Germany. The deal, valued at \$38bn, was the biggest ever takeover of a US company by a foreign competitor.

Total acquisitions involving US targets or buyers have reached \$612.7bn for this year already, according to Securities Data.

This is well on course to overtake last year's record of \$1,012.1bn, and is close to overtaking the \$673.8bn which was spent on US mergers and acquisitions (M&A) during 1996.

The bull market is an obvious factor driving the acquisitions. Armed with a high stock price, companies can offer more for their targets without feeling financial pain.

Shareholders in underperforming target companies, seeing the profits being made elsewhere, are more likely to accept. Therefore, the merger boom could be happening simply because the bull market allows it to happen.

The economy is another factor. Corporate America was inefficient as the 1980s dawned, and had excess capacity. Knocking two companies into one was often the least painful way to cut costs.

A further explanation might stem from a change made by the Securities and Exchange Commission in 1991. Companies were forced to print in their annual proxy statements a chart showing their stock-price performance absolutely, relative to an index, and relative to a group of peers.

Mergers expand with the market

Value of M&A with US target or acquirer (\$bn)

1200

1000

800

600

400

200

0

1990

91

92

93

94

95

96

97

98*

Number of deals

6,156

5,925

6,278

7,243

8,578

10,528

11,857

12,824

4,280

Source: Securities Data

*To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

To date

